

Government That Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

WEST ORANGE BOARD OF EDUCATION

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GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the West Orange Board of Education

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making state government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the state had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service by the state at no cost. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, Governor Whitman ordered the expansion of the program, tripling its number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of the review, team members interviewed board of education members, as well as employees, members of the public, and any other appropriate individuals. The review team examined current collective bargaining agreements, audit reports, public offering statements, annual financial statements, independent reports and recommendations previously developed for the governmental entities, and other relevant information. The review team visited and observed the work procedures and operations throughout the governmental entity.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
WEST ORANGE SCHOOL DISTRICT**

Administration

The team recommends that the district eliminate directory assistance telephone calls saving \$4,670. The team also recommends that the district seek bids for intrastate, interstate, and toll and long distance telephone service for additional estimated savings of \$10,807.

Instruction

The team recommends that the district review both staffing and class sizes in its special education program, eliminating seven special education teacher aides, saving \$107,100.

The team recommends that the district reduce the CST special education staff by two members to align with the state average, saving \$148,370.

The district should consider hiring two part-time secretaries and two guidance counselors at an expense of \$94,900, to provide services needed to the elementary and middle school populations.

The team recommends that the district expand the summer intake processing activities at an expense of \$2,500, to accommodate the increasing number of basic skills students.

Business Office Operation

The township and district should continue exploring joint purchasing possibilities. By using the shared effort in bidding the purchase of natural gas, the district could save \$10,150.

The team recommends that the district deposit its funds in interest-bearing accounts for a revenue enhancement \$25,000. The team also recommends that the district change all activity accounts to interest-bearing accounts, by which the district could yield an additional revenue enhancement of \$3,033.

Facilities & Operations

The team recommends that the district investigate contracting out for all custodial services potentially saving \$200,000.

Transportation

The team recommends that the hours and vehicle usage assigned for the purpose of lunch deliveries be charged to the Enterprise Fund and that the task be assigned to a non-CDL driver, saving \$9,920. The team also recommends that the district reassign afternoon bathroom duty from a bus driver to custodial staff, saving \$13,440.

By renegotiating the recommendations outlined in the report with the Hunterdon County Educational Services Commission (HCESC) to lower transportation costs, the district could potentially save \$682,860.

The team recommends that the district explore the possibility of shared services with the municipality for maintenance and repair of all school owned vehicles, saving \$78,000.

Food Service

By implementing the recommendations outlined in the report, the district could eliminate the expense of subsidizing the school lunch program, saving \$10,000.

The team recommends that the district increase lunch prices, saving \$22,590. The team also recommends that more volunteers be used to help reduce the number of aides, saving an additional \$12,540.

Collective Bargaining Issues

By renegotiating to re-join the State Health Benefits Plan (SHBP) or to negotiate a point of service plan, the district could potentially save \$264,000 - \$283,000.

It is also recommended that the district negotiate a 20% other-than-single co-pay for a potential savings of \$294,000 - \$356,000.

By switching their eligible retirees from the West Orange private plan to the state's new prescription plan, the district could potentially save \$72,000. The team also recommends that the district negotiate three-tier co-pay for prescriptions, potentially saving \$80,000.

The team recommends that the district negotiate a 50% premium co-pay for dental benefits, potentially saving \$347,500.

**COMPARISON OF BUDGET APPROPRIATION, STATE AID
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE WEST ORANGE BOARD OF EDUCATION**

<u>Areas Involving Monetary Recommendations</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Administration			
Eliminate directory assistance telephone calls	\$4,670		
Seek bids for all long distance telephone service	\$10,807		
			\$15,477
Instruction			
Eliminate seven special education teacher aides	\$107,100		
Reduce CST special education staff by two members	\$148,370		
Hire two part-time secretaries	(\$16,000)		
Hire two guidance counselors	(\$78,900)		
Expand summer intake processing activities	(\$2,500)		
			\$158,070
Business Office Operation			
Explore joint purchasing for natural gas	\$10,150		
Deposit funds in interest-bearing accounts	\$25,000		
Change activity accounts to interest-bearing accounts	\$3,033		
			\$38,183
Facilities & Operations			
Contract out custodial services		\$200,000	
Transportation			
Reassign lunch deliveries to non-CDL driver	\$9,920		
Reassign afternoon bathroom duty to custodial staff	\$13,440		
Renegotiate with HCESC to lower transportation costs		\$682,860	
Reduction in overtime from shared services with municipal garage	\$15,000		
Shared services with municipal garage for repair and maintenance	\$33,000		
Reassignment of personnel from shared services with municipal garage	\$30,000		

**COMPARISON OF BUDGET APPROPRIATION, STATE AID
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE WEST ORANGE BOARD OF EDUCATION**

<u>Areas Involving Monetary Recommendations</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
			\$101,360
Food Service			
Eliminate expense of subsidizing the school lunch program	\$10,000		
Increase school lunch prices	\$22,590		
Reduction in number of aides from use of volunteers	\$12,540		
			\$45,130
Collective Bargaining Issues			
Re-join SHBP or negotiate a point of service plan		\$264,000	
Negotiate a 20% other-than-single co-pay		\$294,000	
Switch eligible retirees to the state's new prescription plan		\$72,000	
Negotiate a three-tier co-pay for prescriptions		\$80,000	
Negotiate a 50% premium co-pay for dental benefits		\$347,500	
Total Recommended Savings	\$358,220	\$1,940,360	\$358,220
*\$1,940,360 not included in savings of \$358,210.			
Total Amount Raised for School Tax			\$48,342,754
Savings as a % of School Tax			1%
Total Budget			\$57,377,188
Savings as a % of Budget			1%
Total State Aid			\$7,616,929
Savings as a % of State Aid			5%

COMPARISON OF BUDGET APPROPRIATION, STATE AID AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN THE WEST ORANGE BOARD OF EDUCATION

<u>Areas Involving Monetary Recommendations</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
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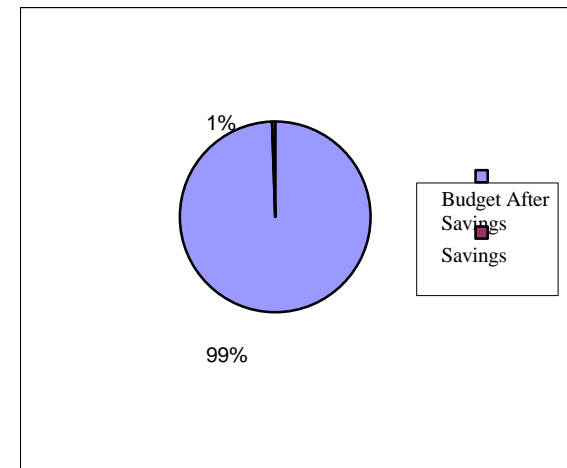
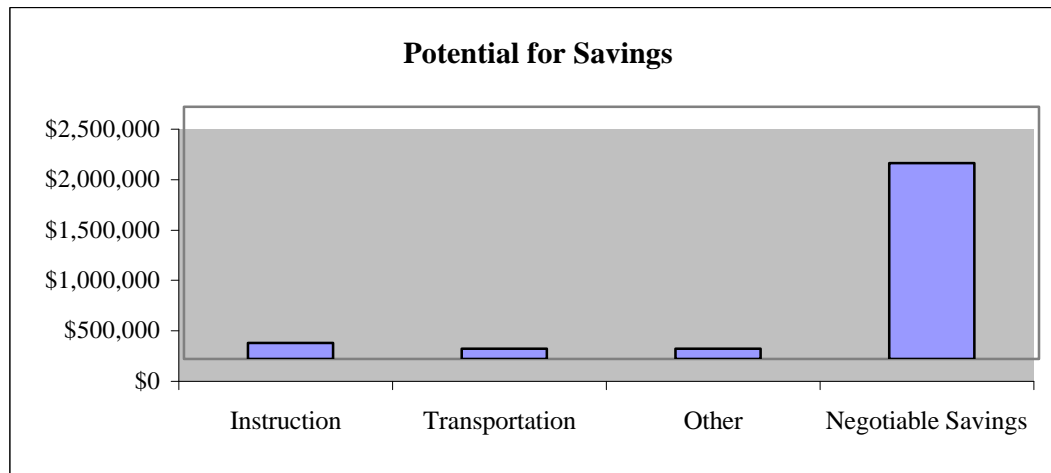


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COMMUNITY OVERVIEW

The Township of West Orange is spread over two ridges and valleys of the Watchung Mountains in the western part of Essex County. West Orange is a suburb in metropolitan New York-Newark area.

The township is rich in history. This 300-year-old community was home to inventor Thomas Alva Edison from 1886 to 1931. His laboratories are now the Edison Historical Site and are operated by the National Park Service. Llewellyn Park, the first residential park in the nation is a 400-acre site within the West Orange borders.

West Orange is approximately 12 square miles in area with a 1990 population of 39,103, the third largest Essex County municipality by area and the fifth largest based on population. Since 1980 the population has decreased by 1%. Approximately 78% of the tax base is residential and 17% is commercial or industrial. Just 2% of West Orange land is vacant.

According to the 1990 federal census, the median family income for West Orange was \$59,056. The median home value was \$202,800. One thousand five hundred and ninety people were living in poverty according to the census.

Race and national origin statistics based on the 1990 census were as follows: 87% White, 6% African American, 6% Asian, 4% Hispanic, and 1% other. The total will exceed 100% due to rounding in a number of categories. Almost 20% of the population is over 65 years of age.

The public school system in West Orange has a high school, two middle schools, and seven elementary schools. The October, 1999 enrollment was 5,415 students. The district had 704 employees in the 1997-98 school year. The district's general fund expenditures for the 1997-98 school year were \$54,031,249. The district is governed by a five-member board of education that is publicly elected.

I. BEST PRACTICES

A very important part of each Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot site every area of effective effort. The following are those best practices recognized by the team for their cost and/or service delivery effectiveness.

The West Orange Public Schools have engaged in a variety of activities and initiatives that are worthy of both recognition and replication.

The West Orange Scholarship Fund was initiated early in the twentieth century and has grown with constant dedicated community support. There are 17 separate scholarship accounts within the general fund. Interest from the principal enabled 39 scholarships to be awarded in June, 1998. Individuals or groups may donate funds for a one-year grant. Two one-time scholarships were awarded in 1998.

The district has generated two school-community partnerships in the recent past. These projects have brought guest lecturers, career education information, summer employment, and after graduation, employment opportunities to students. The cooperating community organizations are Organon, Inc. and the Kessler Rehabilitation Institute.

The district estimates that it saves approximately \$50,000 in tuition reimbursement by using its own staff as instructors for many in-service training courses and awarding salary credit for the district-run courses. All teachers new to the district are required to attend a pre-employment workshop that focuses on teaching in a culturally diverse classroom, an overview of district curriculum, and classroom management techniques. This is a creative and commendable approach to new staff orientation.

The West Orange Public Schools offer an enrichment summer school program. The fees from participating students pay for program expenses. This is a way to provide a good service to district students at no cost to the taxpayers.

The district's negotiated agreement with its teachers' association permits a sixth class to be assigned to volunteer secondary school teachers as a trade-off for elimination of building supervisory assignments. Recently, 36 teachers were so assigned for a reduction of the cost of the equivalent of 7.2 teachers.

The district has a high quality auditorium that is rented to a variety of groups. The rental funds benefit the district while the performing groups get excellent facilities.

The high school's Student Learning Alternative Experience is a for-credit program that allows advanced language students to help with world language programs in the elementary schools.

II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the school district and its taxpayers.

In its study, the review team found the district makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted as appropriate in the findings to follow. The district is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

COMPARATIVE ANALYSES

Many of the recommendations contained in this report are based upon comparative analyses using New Jersey Department of Education data in comparison with districts of similar size and demographics (socio-economic district factor groups - DFG). The comparative data used in this report was compiled in school year 1997-98, which was current at the time of the review. Other data sources are obtained from district documents, various state agencies, state education associations, publications and private industry. School districts used for comparison with West Orange include Montclair, Teaneck, and Morris. The following table (Table 1) compares revenue sources based upon the district's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30,1998:

Table 1 - Revenue Sources

Revenues	<u>West Orange</u>		<u>Montclair</u>		<u>Teaneck</u>		<u>Morris</u>	
<i>General Fund</i>								
Local Tax Levy	\$47,305,966	82.4%	\$47,134,251	71.1%	\$47,094,715	83.1%	\$40,335,162	74.6%
State Aid	\$6,602,223	11.5%	\$9,687,418	14.6%	\$6,763,436	11.9%	\$6,122,036	11.3%
Federal Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$7,803	0.0%
Tuition	\$34,200	0.1%	\$108,515	0.2%	\$46,815	0.1%	\$1,013,901	1.9%
Miscellaneous	\$434,889	0.8%	\$812,466	1.2%	\$501,926	0.9%	\$964,818	1.8%
Total General Fund	\$54,377,278	94.8%	\$57,742,650	87.1%	\$54,406,892	96.0%	\$48,443,720	89.5%
<i>Special Revenue Fund</i>								
State Aid	\$1,014,706	1.8%	\$1,070,484	1.6%	\$315,721	0.6%	\$3,089,247	5.7%
Federal Aid	\$654,092	1.1%	\$1,235,293	1.9%	\$1,025,609	1.8%	\$1,109,648	2.1%
Other	\$0	0.0%	\$69,584	0.1%	\$12,602	0.0%	\$65,675	0.1%
Total Revenue Fund	\$1,668,798	2.9%	\$2,375,361	3.6%	\$1,353,932	2.4%	\$4,264,570	7.9%
Debt Service Fund								
Local Tax Levy	\$1,036,788	1.8%	\$0	0.0%	\$573,715	1.0%	\$1,207,861	2.2%
State Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$87,607	0.2%
Total Debt Service Fund	\$1,036,788	1.8%	\$0	0.0%	\$573,715	1.0%	\$1,295,468	2.4%
Fiduciary Fund								
State Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Federal Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Other	\$0	0.0%	\$127,294	0.2%	\$18,144	0.0%	\$99,917	0.2%
Total Fiduciary Fund Type	\$0	0.0%	\$127,294	0.2%	\$8,144	0.0%	\$99,917	0.2%
Expendable Trust Fund								
Other	\$56,219	0.1%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total Exp. Trust Fund	\$56,219	0.1%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Capital Projects								
Other	\$238,035	0.4%	\$6,062,608	9.1%	\$299,563	0.5%	\$0	0.0%
Total Capital Projects	\$238,035	0.4%	\$6,062,608	9.1%	\$299,563	0.5%	\$0	0.0%
Total Revenues (All Fund)	\$57,377,118	100.0%	\$66,307,913	100.0%	\$56,652,246	100.0%	\$54,103,675	100.0%

All districts compared receive the majority of their revenues from local tax levy. However, West Orange and Teaneck receive essentially the same percentage of total revenues from the local tax levy. State and federal aid are other sources of revenue. Revenue sources reported for state aid contain pension fund reimbursements. These are non-budgeted revenues.

The following table (Table 2) illustrates data, which compares general fund expenditures based upon the district's Comprehensive Annual Financial Report (CAFR):

Table 2 - General Fund Expenditures

	<u>West Orange</u>		<u>Montclair</u>		<u>Teaneck</u>		<u>Morris</u>	
Regular Program - Inst.	\$20,705,426	38.3%	\$23,376,930	39.8%	\$18,338,188	33.7%	\$15,511,998	32.2%
Special Education	\$2,671,804	4.9%	\$3,806,364	6.5%	\$2,722,524	5.0%	\$2,644,065	5.50%
Basic Skills-Remedial	\$288,478	0.5%	\$478,513	0.8%	\$1,505,455	2.8%	\$312,165	0.6%
Bilingual Education	\$523,688	1.00%	\$161,444	0.3%	\$271,547	0.5%	\$391,579	0.8%
Vocational Programs	\$0	0.0%	\$5,970	0.0%	\$0	0.0%	\$0	0.0%
Sponsored Co-curricular Activities	\$134,617	0.2%	\$300,668	0.5%	\$211,613	0.4%	\$182,076	0.4%
Sponsored Athletics	\$465,307	0.9%	\$456,988	0.8%	\$418,287	0.8%	\$686,525	1.4%
Other Instruction Program	\$0	0.0%	\$117,353	0.2%	\$400,000	0.7%	\$0	0.0%
Community Services Program	\$8,000	0.0%	\$143,093	0.2%	\$39,322	0.1%	\$185,621	0.4%
Total Instructional Cost	\$24,797,320	45.9%	\$28,847,323	49.2%	\$23,906,936	43.9%	\$19,914,029	41.3%
Undistributed Exp. – Inst.	\$2,673,864	4.9%	\$2,842,196	4.8%	\$3,619,809	6.7%	\$3,458,402	7.2%
General Administration	\$1,034,172	1.9%	\$1,285,313	2.2%	\$1,061,922	2.0%	\$779,631	1.6%
School Administration	\$3,219,912	6.0%	\$2,586,853	4.4%	\$2,105,630	3.9%	\$1,948,209	4.0%
Total Administration Cost	\$4,254,084	7.9%	\$3,872,166	6.6%	\$3,167,552	5.8%	\$2,727,840	5.7%
Food Service	\$0	0.0%	\$5,400	0.0%	\$3,145	0.0%	\$0	0.0%
Health Service	\$728,587	1.3%	\$685,371	1.2%	\$555,775	1.0%	\$494,192	1.0%
Attendance and Social Work Service	\$46,241	0.1%	\$29,650	0.1%	\$46,211	0.1%	\$81,160	0.2%
Other Support Service	\$2,554,059	4.7%	\$3,253,078	5.5%	\$3,636,792	6.7%	\$2,675,752	5.5%
Other - Imp. of Inst. Service	\$308,926	0.6%	\$525,341	0.9%	\$476,118	0.9%	\$449,818	0.9%
Media Service/School Library	\$882,274	1.6%	\$479,037	0.8%	-	0.0%	\$475,925	1.0%
Instructional Staff Training Program	\$73,697	0.1%	\$252,037	0.4%	\$462,248	0.8%	\$109,168	0.2%
Operation of Plant	\$4,272,035	7.9%	\$4,904,956	8.4%	\$5,073,620	9.3%	\$4,499,037	9.3%
Business & Other Support Service	\$6,069,850	11.2%	\$7,249,869	12.4%	\$6,298,328	11.6%	\$5,511,131	11.4%
Total Support Services	\$14,935,669	27.6%	\$17,384,739	29.6%	\$16,552,237	30.4%	\$14,296,183	29.6%
TPAF Pension	\$789,817		\$705,748		\$798,838		\$737,875	
Reimbursement TPAF SS Contribution	\$2,116,723		\$2,154,364		\$1,846,750		\$1,894,742	
Transportation	\$4,279,160	7.9%	\$2,424,640	4.1%	\$3,344,429	6.1%	\$3,338,382	6.9%
Capital Outlay	\$184,612	0.3%	\$64,141	0.1%	\$1,122,296	2.1%	\$1,798,318	3.7%
Special Schools	\$0	0.0%	\$375,061	0.7%	\$67,905	0.1%	\$80,850	0.2%
Total General Fund Expenditures	\$54,031,249		\$58,670,378		\$54,426,752		\$48,246,621	
Average Daily Enrollment	5,136		5,967		4,487		4,235	

Source: School districts' 1997-98 CAFR and NJ Department of Education Comparative Spending Guide 1999

A comparison of general fund expenditures illustrates that West Orange's expenditures are within comparable ranges.

The following table (Table 3) indicates the comparative per pupil costs for selected cost factors for the 1997-98 school year:

Table 3 - Per Pupil Costs

	<u>West</u> <u>Orange</u>	<u>Montclair</u>	<u>Teaneck</u>	<u>Morris</u>
Total Cost Per Pupil **	\$8,604	\$8,506	\$9,781	\$9,372
Total Classroom Instruction	\$5,472	\$5,433	\$5,915	\$5,922
Classroom Salaries & Benefits	\$5,299	\$5,281	\$5,643	\$5,708
Classroom General Supplies & Textbooks	\$166	\$133	\$130	\$160
Classroom Purchased Services & Other	\$7	\$19	\$141	\$54
Total Support Services	\$912	\$863	\$1,091	\$1,001
Support Services Salaries & Benefits	\$836	\$712	\$1,009	\$861
Total Administrative Cost	\$1,161	\$1,024	\$1,235	\$1,112
Salaries & Benefits for Administration	\$1,016	\$830	\$958	\$858
Operations & Maintenance of Plant	\$905	\$885	\$1,234	\$1,067
Salaries & Benefits for Operation/Maintenance of Plant	\$553	\$497	\$816	\$569
Food Service	\$0	\$0	\$0	\$19
Extracurricular Cost	\$129	\$140	\$154	\$206
Equipment	\$75	\$24	\$101	\$248
Student/Teacher Ratio	12.80	13.80	13.10	11.90
Median Teacher Salary	\$61,515	\$59,738	\$64,374	\$54,896
Student/Support Service Ratio	86.60	113.30	87.00	74.10
Median Support Service Salary	\$68,515	\$64,406	\$74,397	\$56,641
Student/Administrator Ratio	165.90	215.50	196.00	148.70
Median Administrator Salary	\$89,566	\$92,784	\$90,706	\$94,234
Faculty/Administrator Ratio	14.9	17.5	17.2	14.5
Personal Services-Employee Benefits % of Total Salaries	15.3%	14.4%	14.4%	14.1%

Source - 1999 N.J.D.O.E. Comparative Spending Guide

** The total cost per pupil is calculated as the total current expense budget plus certain special revenue funds, particularly early childhood programs, demonstrably effective programs, distance learning network costs and instructional supplement costs. The calculation does not include the local contribution to special revenue, tuition expenditures, interest payments on the lease purchase of buildings, transportation costs, residential costs and judgments against the school district. Also excluded from this per pupil calculation are equipment purchases, facilities acquisition and construction services, expenditures funded by restricted local, state and federal grants, and debt service expenditures.

Again, a comparison of West Orange's per pupil costs with those of Montclair, Teaneck, and Morris, based on the Comparative Spending Guide (Table 3), shows that, overall, West Orange's costs are within comparable ranges.

In the 1999 Comparative Spending Guide, West Orange is grouped with 85 K-12 districts with enrollments of 3,500+ students. The following table (Table 4) indicates West Orange's rank in selected cost categories for the school years 1995-96, 1996-97 and 1997-98:

Table 4

Ranked Low Cost to High Cost	1995-96		1996-97		1997-98	
	Actual	Ranking	Actual	Ranking	Actual	Ranking
Cost Per Pupil	\$8,691	82	\$8,416	70	\$8,604	71
Classroom Instruction	\$5,482	78	\$5,340	75	\$5,472	76
Classroom Salaries & Benefits	\$5,301	79	\$5,171	77	\$5,299	79
General Supplies & Textbook	\$158	41	\$141	28	\$166	39
Purchased Services & Other	\$22	25	\$28	28	\$7	9
Support Services	\$825	67	\$794	64	\$912	60
Support Service Salaries & Benefits	\$771	70	\$751	70	\$836	64
Total Administrative Cost	\$1,214	71	\$1,110	65	\$1,161	62
Salaries & Benefits for Administration	\$1,073	79	\$977	72	\$1,016	73
Operations & Maintenance	\$969	50	\$866	40	\$905	47
Salaries & Benefits for Operation/Maint.	\$576	62	\$533	50	\$553	62
Extracurricular Cost	\$127	43	\$118	37	129	45
Median Teacher Salary			\$60,015	73	\$61,515	76
Median Support Service Salary			\$66,845	72	\$68,515	73
Median Administrator Salary			\$92,121	79	\$89,566	67
Ranked High Ratio to Low						
Student/Administrator Ratio			175	51	165	62
Faculty/Administrator Ratio			15	34	14.9	39

Source: 1999 NJDOE Comparative Spending Guide
Total of 85 School Districts

West Orange was compared to the other 84 school districts, grade K-12 with more than 3,500 students ranked low (1) to high (85), using the 1999 Comparative Spending Guide published by the New Jersey State Department of Education. The cost per pupil for West Orange School District was ranked 82nd in 1995-96, 70th 1996-97, and 71st in 1997-98. A ranking of above 42 would reflect a higher cost than the midpoint and a ranking of lower than 42 would reflect costs below the midpoint of the 85 districts. An examination of Table 4 reflects West Orange's standing when compared with the 85 like enrollment/ grade configuration districts.

The total cost per pupil in West Orange was \$8,691 in 1995-96, \$8,416 in 1996-97, and \$8,604 in 1997-98, while the state average cost for K-12 schools was \$7,683 in 1995-96, \$7,712 in 1996-97 and \$7,955 in 1997-98. West Orange School District exceeded the state average cost for K-12 districts by 13.12% in 1995-96, 9.13% in 1996-97 and 8.16% in 1997-98. During the three years examined, West Orange was ranked above the median in the listed cost categories, except general supplies and textbook, and purchased services.

Using the NJ School Report Card and the Comprehensive Annual Financial Report (CAFR), the following table (Table 5) provides additional comparative data used in this report:

Table 5
School Data Comparison

<u>Description</u>	<u>West Orange</u>	<u>Montclair</u>	<u>Teaneck</u>	<u>Morris</u>
Wealth	High	Median to High	Median to High	High
County	Essex	Essex	Bergen	Morris
District Type	II	I	II	II
Grades	K-12	K-12	K-12	K-12
District Factor Group	GH	GH	GH	GH
Certified Employees	507	535	421	457
Other Employees	197	337	173	310
Total Employees	704	872	594	767
Square Miles	28	6.3	6	17.8
Number of Schools				
Kindergarten			1	
Elementary	7	7	4	6
Middle	2	3	2	1
High School	1	1	1	1
Special Education	0	0	1	0
Total Schools	10	11	9	8
Average Daily Enrollment	5,136	5,967	4,487	4,235
Teacher/Student Ratio				
Kindergarten			20.8:1	
Elementary	16.5:1	22:1	19.9:1	12.4:1
Middle School	14.2:1	14:1	14.1:1	9.6:1
High School	13.3:1	15:1	14.5:1	10.1:1
# of Students per Administrator	175.4	211.8	192.4	145.6
# of Faculty per Administrator	15.1	17.3	17	14.1
Number of Administrators	28.8	28.6	23	27.9
Median Salary for Faculty	\$60,015	\$56,246	\$64,246	\$52,086
Median Salary for Administrators	\$92,121	\$92,424	\$91,288	\$90,046
Scholastic Assessment Test Results				
Average Math Score 1996-97	523	509	515	525
Average Verbal Score 1996-97	495	505	500	527
Post-Graduation Plans				
4 year College/University	55%	68%	61%	64%
2 year College	20%	6%	27%	16%
Other Post-Secondary School	10%	9%	0%	3%
Military	4%	4%	1%	1%
Full-time Employment	2%	12%	6%	6%
Undecided	9%	1%	5%	10%
Drop out rate	4.7%	1.6%	2.2%	3.8%
Mobility Rate-High School				
1994-95	8.60%	8.80%	9.40%	8.50%
1995-96	17.60%	12.40%	8.60%	9.90%
1996-97	11.90%	10.20%	6.80%	13.50%

Source: 1997-98 CAFR and school report card

West Orange's drop out rate is the highest among the four other districts. During the last three years, the drop out rate has been rising, increasing from 3.0% in 1994-95 to 4.7% in 1996-97. It should be noted that the state average drop out rate is 3.8%.

ADMINISTRATION

Administration and Organization

The West Orange Public Schools had an enrollment of 5,415 students as of October, 1999. The district has one high school, two middle schools, and seven elementary schools. The district employed 704 people during the 1997-98 school year. The district's general fund expenditures for the 1997-98 school year was \$54,031,249.

The West Orange School District is governed by a five person elected board of education. The central administrative staff consists of a superintendent of schools, an assistant superintendent, a board secretary/school business administrator, plus 13 staff members who supervise and direct various aspects of district operations. The central administrative clerical staff has 18 members.

The board of education operates through a committee of the whole system. Generally the board seems to work efficiently. The board and the administration work together with appropriate respect for each other's role. Board of education policies were reviewed and assessed as appropriate. In 1998, the West Orange Board of Education was recognized by the New Jersey School Boards Association for "...having successfully completed the requirements for board certification as prescribed by the NJSBA Board Member Academy." The academy provides training in a variety of areas that impact on board performance - school finance, curriculum, school law, policy setting, and labor relations among them. Since the beginning of the academy training in 1992, only 59 boards out of 600 New Jersey districts have earned "Certified Board" status.

Board Expenses

Board of education expense records for the past three years were reviewed. The board's travel and miscellaneous expense accounts indicated that the major expense was the mandated payment of New Jersey School Boards Association dues. The district's dues for the 1997-98 school year was \$23,396. Other expenditures have been kept to a minimum and have been consistent during the past three years. The total of both travel and miscellaneous expense account payments were \$28,164 in 1996, \$29,516 in 1997, and \$29,751 in 1998.

The district does not issue credit cards or cellular telephones to board members. The costs of attendance at conferences, workshops, and state-mandated new board member orientation are reimbursed to members. Not all board members attend the state board conference, and during the period reviewed no member went to the National School Boards Conference. Members attending the state meeting are able to bring back information to share with those who did not attend. The business administrator and assistant business administrator attend state and national conferences and are reimbursed for related costs. Board expenses were found to be appropriate and administered properly.

Recommendation:

LGBR recommends that the board of education consider establishing a policy concerning board member expenses. Although the district's records indicate no excessive expenditures relating to workshop attendance, it could be a good practice to have policy guidelines indicating the maximum allowable amounts for lodging, food, and other expenses. The policy should include a provision for board members to reimburse the board for any personal expenditure or those that exceed board-established limits.

Communications

In the 1997-98 school year, the district spent \$108,072 for communication services. The communication account consists of postage, telephone equipment, and service charge expenses. The West Orange School District separates the postage and telephone expenditures into sub-accounts, which is an acceptable accounting practice.

The district has restricted more than half of the telephone lines from dialing long distance calls. The central office receptionist must make the connection if someone wants to make a long distance call from a restricted telephone. The receptionist reviews all telephone bills and maintains a record of each department's calls along with costs for directory assistance. The district incurred \$4,670 in directory assistance calls for the 1997-98 school year. Due to the high volume of directory assistance calls, the business administrator issued a memorandum stating all such calls are to be kept to a minimum. To further reduce the number of directory assistance calls, additional telephone books were issued to staff members. These efforts resulted in a 25% reduction in directory assistance calls in the 1998-99 school year from September through November. This is commendable. However, the team recommends eliminating directory assistance calls entirely.

The district does not use cellular phones or pagers. Through the use of walkie-talkies and the telephone intercom, the district is able to efficiently remain in contact with the transportation and maintenance departments. The team finds this method of communication to be effective, and indicates a sound financial practice on the part of the district.

Many of the district's schools have only one telephone line in the main office. This prevents incoming calls when the telephone is being used. The schools, therefore, use an answering machine to record all calls that go unanswered when the telephone is in use. The team suggests that the school add another line in addition to maintaining the use of the answering machine to receive calls from parents or for emergencies.

The team identified that the district does not require staff members to reimburse the board for non-business related telephone calls.

The team commends the district for hiring a consulting firm and implementing the recommendations identified to update the district with the installation of modern technology, and to further reduce telephone costs. The consulting firm recommended enhancing the district's current Centrex System. The communication expense associated with the new technology is approximately \$160,000, to be paid over a five-year period.

Recommendations:

LGBR recommends that directory assistance telephone calls be eliminated district wide. The telephone company has the ability to block these types of calls for up to 50 phone lines in any large business. The district can purchase computer software to be utilized by the school district to access telephone information within the United States. The cost of such software is approximately \$100.

Cost Savings: \$4,670

LGBR recommends that the district initiate a policy, which requires employees to reimburse the district for any non-business-related telephone calls.

LGBR recommends the district seek bids for intrastate, interstate, and toll and long distance telephone service. The approximate savings can range from 10% to 15%. A conservative 10% savings is approximately \$10,807.

Cost Savings: \$10,807

Administrative Staffing

In January, 1996, the West Orange Board of Education eliminated several administrative and clerical positions: one assistant superintendent, the director of computer services, the assistant to the director of student support services, and three secretarial positions. Since then, a K-12 technology curriculum coordinator and an elementary curriculum coordinator have been added to the administrative staff. During this time student enrollment was increasing as it continues to do.

LGBR examined administrative salary costs using the New Jersey School Boards Association's 1998-99 Cost of Education Index. This document separates administrative costs into two components: "general administration," including salaries of general administrative personnel, both certified and clerical; and "school administration," which accounts for salaries of principals and other building level administrators and support staff.

Since administrative salary costs constitute approximately 8.5% of the district's operating budget, it would be beneficial to examine cost components by organizational level. LGBR attempted to determine if costs are consistent relative to comparative districts or if there are differences in relative cost levels between the schools and the central administration.

Table 1
General Administration Cost Per Pupil

	West Orange	New Jersey	Essex County	158 SES*	64 **ENRGP	Montclair	Morris	Teaneck	Bergen County
Salaries	\$110	\$112	\$98	\$106	\$95	\$78	\$52	\$86	\$147
Other Expenses	\$92	\$138	\$151	\$123	\$130	\$138	\$132	\$151	\$159
Total General Admin.	\$202	\$250	\$249	\$229	\$225	\$216	\$184	\$237	\$306

*Socio Economic Group. **K-12 districts more than 3,500 students.

LGBR acknowledges that salary costs are generally higher in the northeast portion of New Jersey, part of the metropolitan New York City and Newark areas. This makes comparisons of Essex County, Bergen County, and the three comparison districts' costs important. West Orange

general administration salary costs are approximately ten percent higher than the Essex County average, as well as higher than the comparison districts. The statewide average is higher than that of West Orange. Adding in “other expenses” results in West Orange’s total general administrative costs being within a reasonable comparative range, including statewide per pupil averages. Based on the above information the West Orange general administration salaries appear to be both competitive and in range with other districts in its area.

The number of school administrators appears appropriate based on conventional staffing patterns as well as the numbers allocated in the New Jersey Department of Education’s Comprehensive Plan. In addition, the 1998-99 Comparative Spending Guide lists the following number of students per administrator:

New Jersey average	171.9	
West Orange	175.6	54 th lowest of 85 K-12 districts with 3,500 or more students
Montclair	203	24/85
Teaneck	207	
Morris	143	

Note: These ratios include all administrators throughout the district.

Turning to Table 2, “School Administration Salaries” we find the salaries for principals, assistant principals, and clerical staff combined.

Table 2
School Administration Salary
Costs per Pupil

	West Orange		New Jersey		Essex County		Montclair		Morris		Teaneck		Bergen County		*ENRGRP
A	\$588	6.9%	\$390	5.26%	\$467	6.04%	\$431	5.2%	\$436	5%	\$425	4.9%	\$442	5.2%	\$403
B	\$38		\$24		\$23										\$28

Source: 1998-99 New Jersey School Board Association Cost of Education Index.

*K-12 districts more than 3,500 students.

Note: A. The first figure in A is the per pupil school administration salary cost, the second number is the percent of the operating budget devoted to school administration salaries. B represents the per pupil cost for “other expenses” in school administration.

West Orange’s per pupil school administration salary costs for 1998-99 are \$121 per pupil higher than the per pupil costs of the next highest listing, the Essex County average. West Orange also spends almost one percent more of its operating budget on school administration salaries than is the average for its county.

Comments made elsewhere in the report about school staff salaries in the metropolitan New York/Newark area being higher than in most other areas of New Jersey apply here as well. However, West Orange school administrators' salaries are high when compared to area salaries. This is a situation that the board of education may wish to examine closely in future collective bargaining. Increasing district student population makes it unlikely that any district schools could be closed in the foreseeable future, therefore, there is no potential for savings through reduction in the number of school-based administrators.

Payroll

The payroll function services approximately 680 full-time employees, 107 substitute aides, and 51 part-time employees within the district. Payroll is processed twice a month by a payroll processing company with the support of a salary coordinator, who is a district employee. The salary coordinator verifies payroll, monitors overtime, and records non-paid absences.

Payroll information is manually entered into a payroll software package that allows retrieval access to individual employee payroll files, and can automatically run the regular payroll. During payroll cycles, the payroll data is transmitted to the payroll company through a modem. Payroll checks are printed by the company and shipped to the district for distribution. Each pay period the district processes approximately 1,658 paychecks totaling more than \$3.5 million.

Employee time reports are generated bi-monthly, by hand, in each school. The district does not provide direct deposit to its employees. The use of direct deposit provides the employee with choices, and minimizes administrative efforts.

The payroll company does not charge the district payroll service fees. The estimated value of this service is \$24,000 each year. The district's bank incurs the payroll service fees provided the district keeps two non-interest bearing CD's totaling \$90,000 in the bank. The team believes that the district is financially better off by having the bank incur the payroll costs. However, if the district received 4% interest on the two CD's as well as negotiating free payroll services, the district would increase interest income by approximately \$3,600.

The district's audit report for the fiscal year ended June 30, 1998, identified a lack of segregation of duties currently being performed by the payroll coordinator. The two job functions of making changes to the payroll data, and the distribution of payroll checks should be performed by two employees. Although the team commends the district in its efforts to reduce administrative staff, the segregation of duties should be considered.

TECHNOLOGY

Administrative Uses of Computer Support

Integration of technology and office automation in the education environment benefits the students and improves the efficiency of the organization. As a matter of practice, the team generally critiques technology plans and the effective use of technology, but not the decisions of software selection and application to the educational or organizational needs. During the LGBR visit, the district had a total of 839 computers dispersed through all 10 schools. The business office utilizes a mid-range AS400 computer networked only to the high school and the two middle schools. However, by January, 2000, the entire district was to have network connection. The company that installs the hardware will provide training for all district employees.

Since 1996, the district has employed one full-time supervisor of administrative services to provide technical support and maintenance to 93 administrative employees located throughout the school district. Along with one secretary, the supervisor's job description includes data entry

input and reporting, attendance cards, schedule changes, and report card processing. The supervisor is also responsible for the purchase of all computers and software for all 10 schools and assists administrators in submitting state mandated reports.

The department uses a manual work order system to log in technical assistance calls and requests for printing various reports. Organized statistics on the amount of calls or types of service calls are not kept. The supervisor receives approximately 20 calls each day for technical support. Of the 20 calls received, approximately 10 calls are provided technical assistance with priority emphasis placed on generating reports. Monthly reports requested include homeroom lists, ethnic breakdown, honor roll reports, and attendance. During the interview process, LGBR learned that the supervisor does not have any coverage within the district to complete work assignments if unavailable or assisting employees at another site. The result is the inability of the department to address a specific need if the assigned staff member is unavailable or terminates employment.

The West Orange staff suggested that the department could run more efficiently if the district hired one full-time computer programmer/support specialist and one aide to provide data entry only. However, the team feels a ratio of one full-time equivalent to every 200 computers is acceptable.

Staff development is the key to the successful use of technology and office automation. Employees should receive continuous instruction in the use and integration of technology in the workplace. The team commends the district's efforts in budgeting for staff development. Staff development enables employees to work efficiently and effectively.

Recommendations:

LGBR commends the district's efforts to update technology district wide with network capability.

The district's location near several colleges and universities allows employment access to students who have educational background in Management Information Systems. Often these students offer their services at a reasonable internship hourly rate. Intern assistance could provide the department with data entry and technical support on an as needed basis.

Cross-training computer support staff with the technology staff as well as developing procedure manuals is recommended to eliminate unnecessary downtime when staff is unavailable.

INSTRUCTION

The West Orange Public Schools have developed a comprehensive curriculum for the district's students. A variety of activities at the district level and in the individual schools ensure that the learning program is appropriate for student needs.

The West Orange Public Schools provide a comprehensive learning program at all levels- elementary, middle, and high school. The district has a five-year curriculum evaluation schedule that selects several content areas for review each year. The State Curriculum Content Standards are reflected in all subject areas. Implementation of the State Core Course Proficiencies in all high school courses is part of West Orange's five-year plan.

Instructional costs

Cost figures directly related to instruction, as listed in the New Jersey Department of Education's March, 1999 Comparative Spending Guide indicate:

Per Pupil Costs for Total Classroom Instruction 1997-98

West Orange	\$5,472	76 th highest of 85 districts K-12, 3500+ students
Montclair	\$5,433	75/85
Teaneck	\$5,915	82/85
Morris	\$5,922	83/85
State Average K-12	\$4,827	

Per Pupil Costs for Classroom Salaries and Benefits

West Orange	\$5,299	79/85*
Montclair	\$5,281	77/85
Teaneck	\$5,643	81/
Morris	\$5,709	83/
State Average K-12	\$4,554	

*This represents 57.8% of total cost/pupil & 96.8% of total classroom instruction costs.

The relative ratios among the four districts were essentially the same in the 1996-97 school year.

Other factors in the Total Classroom Instruction category: Supplies per pupil-West Orange \$166, 39/85; Classroom Purchased Services and Other \$7 per pupil, 9/85.

Instructional salary costs based on March, 1999 figures in the New Jersey State Department of Education's Comparative Spending Guide were:

Median Teachers Salary 1997-98

West Orange	\$61,515	76 th highest of 85 K-12 districts with 3,500+ students (1998-99 \$57,325 - 57/85)
Montclair	\$59,738	69/85
Teaneck	\$64,374	80/85
Morris	\$54,896	52/85
NJ K-12 Median	\$51,066	

The West Orange District had a 12.8 student/teacher ratio for 1997-98 according to the March, 1999 Comparative Spending Guide, giving the district the 79th lowest ratio of the 85 comparison districts. The ratio is not class size, rather it represents the total full-time equivalent number of

certified classroom teachers divided by the student enrollments reported by the district. This number does not include counselors, librarians, nurses, child study team members and other educational support personnel. The 1998-99 figures were 13.2 to 1 and 76/85.

The higher personnel costs of the metropolitan New York City/Newark areas are a factor in West Orange's instructional salaries that rank in the top 10% of New Jersey's K-12 districts with enrollments greater than 3,500 students. The district spent an average of \$600 above the Essex County average, on instructional salaries per pupil for the 1996-97 and 1997-98 school years. Approximately 55% of the current expense budget is spent on instructional staff salaries. While salary costs are a local choice, salaries are a major portion of the district budget. LGBR suggests that the board of education continue to monitor salary increases.

Curriculum programs

On-going program improvement is an active area in the West Orange schools. During the summer of 1998, the staff worked on 12 curriculum program revisions and evaluations at a cost of \$25,000. The district's enrichment summer school in 1998 cost \$47,000, which was paid by participant tuition. The remedial summer school was funded by a \$27,500 state grant. The district is to be commended for providing important learning services to students at no extra cost to local taxpayers.

Space Needs

Current demographic projections indicate continued enrollment growth for the district, whose buildings are already crowded. During the past six years the student enrollment has increased by more than 900 students. After multiple referenda failures in the past six years the board of education has twice obtained permission from the New Jersey State Department of Education to use lease-purchase plans that have funded some expansion of instructional space at all levels.

Staff Development

The district has a comprehensive staff development program. Most training takes place during the summer. District staff usually teach courses. All teachers new to the district are required to attend a summer workshop that focuses on teaching in a culturally diverse classroom, classroom management, an overview of the district's curriculum, and instructional skills. This is a creative and commendable approach to new staff orientation. One service credit is awarded to teachers who successfully complete 15 course hours. There is no payment or in-service credit for programs attended during the school day.

During the 1998-99 school year, West Orange staff members enrolled in staff development courses for a total of 317 credits. Thirty three thousand dollars were budgeted for staff development. If the same 317 credits had been taken at state colleges, the per credit cost would have amounted to \$84,829. Through the use of district programs, which avoid tuition reimbursement, the district saved approximately \$50,000.

Measuring Instructional Results

Among quantitative results that may be used as measures of instructional success are the numbers of students passing the state's high school proficiency test, a graduation requirement.

The 1996-97 percentage of students passing all sections were: West Orange 86.1%, District Factor Group (a grouping of districts with like socio-economic indicators) 86.4%, and New Jersey average 74.8%.

Results of the Scholastic Aptitude Test taken by potential college applicants as reported in the New Jersey School Report Card for 1996-97 list the following average scores for the test's subsections:

	Math	Verbal
West Orange	523	495
District Factor Group	534	444
New Jersey Average	511	427

The top 10% of the West Orange SAT scorers contrasted with the top 10% nationally as follows:

	Math	Verbal
West Orange	625	589
National	677	606

The Advanced Placement Program of the College Board has more than 300 students enrolled at West Orange High School. Seventy three per cent of those who took the A. P. College exam to qualify for credit scored the necessary grade to qualify for the credit--nationally 63% achieved at the needed grade.

Test results are one of a variety of means that can be used to assess learning achievement.

Among other indices can be high school student post-graduate activities, both in terms of quality and quantity, assessment of student work products, and other items as deemed important by the local district.

During the 1998-99 school year, West Orange High School was selected as a "Star School" by the New Jersey Department of Education through a panel of educators who reviewed applicants. The high school's "Schools Within a School" concept, which offers four distinct academic programs, was the primary factor on which the award was based.

In 1998-99, West Orange High School students participated in a student alternative learning experience for credit, assisting in teaching world languages in the elementary schools. This helped moderate new faculty needs for this program.

The two district middle schools have received funds from outside sources to use in campus beautification projects. District parent teacher organizations are active and have provided funding for computer purchases, finishing a playground and other needs. The West Orange Education Foundation has donated funds to each district school, as has the West Orange Alliance.

Special Education

The district's special education enrollment figures for the school years 1996-97 through 1998-99 are listed below:

Special Education Enrollments
Table 1

Enrollment Categories	1996-97	1997-98	1998-99
On Roll-Full-time	216	499	539
On Roll-Shared-time	4	10	0
Sent Out of District-Full-time	17.5	17	15
Sent Out of District-Shared-time	0	0	0
Sent to Private Schools	56	63	53
Sent to Regional Day Schools	6	4	3
<i>Total Out of District</i>	79.5	84	71
Received-Full-time	17	1	1
Resource Room	293	N/A	N/A
Total Special Education (Excluding Speech)	609.5	594	611
Total District Enrollment	5,127.5	5,196	5,485
Total Percent Special Education Enrollment	11.9%	11.4%	11.1%

Source: Application for State School Aid (ASSA) reports

The three-year distribution of West Orange's special education students reflects a fairly constant special education enrollment of about 11%.

The costs of special education programs are generally higher than non-special education programs. These increased costs result from lower student teacher ratios, the use of aides in the classroom, additional curriculum supplements, student Individualized Education Program (IEP) requirements which may require related services, such as, physical and/or occupational therapy, speech services, assistive technology, etc. Special education students are not sent out-of-district unless the home district is unable to provide an appropriate level of education in a least restrictive environment or if a student has been placed by court adjudication. By the end of the 1997-98 school year, 85 special education students were sent out of district; this included 67 to private schools, 13 to public schools, two to residential schools and two to a regional day school program. The following chart illustrates these placements and includes estimated tuition and transportation costs on a per pupil basis:

**1997-98 Tuition and Transportation Costs
Out-of-District Special Education Students**

School Type	Number of Students	Estimated Average Tuition Per Pupil	Estimated Average Transportation Per Pupil	Estimated Average Cost Per Pupil
Private	68	\$26,331	\$5,275	\$31,606
Public	13	\$25,803	\$5,275	\$31,078
Residential	2	\$96,140	\$0	\$96,140
Regional Day	2	\$21,060	\$5,275	\$26,335

Note: The data source is the district's information for the school year ending June 30, 1998.

Based upon the data provided by the district, the average cost-per-pupil for out-of-district special education students was conservatively estimated at \$32,920. The district's general fund cost-per-pupil (Pre-K to 12) was \$10,547 for the 1997-98 school year.

One special education student from another district attended classes in the West Orange District on a tuition basis in 1997-98. The district received \$9,515 in tuition revenue for this student.

Elementary Schools Special Education Program

In 1998-99, the West Orange School District maintained nine self-contained special education classes and 10 resource room programs distributed among the seven elementary schools providing instruction for 192 special education students.

Within the elementary schools, there were seven classes for a total of 64 students and two half-day classes for a total of 32 pre-school students. There were seven teachers and six aides assigned to the learning disability classes and two teachers and four aides assigned to the preschool disabled program. Another 10 teachers (one teacher covers two buildings) were assigned to resource programs throughout the elementary schools to assist 96 students. An additional nine aides were assigned to special education students on a pupil-teacher-aide ratio of 3:1 or less as recommended in the student's Individualized Education Program (IEP). The class size for the self-contained classes in the district's elementary schools varied from 6 to 11 students. In an effort to help the West Orange District identify ways to control costs for self-contained special education classes, the review team sought to determine whether these classes were appropriately staffed and at full occupancy. In the fall of 1998, the review team analyzed statutory maximum allowable class size limitations against West Orange's special education class sizes. The following chart illustrates special education class enrollments:

**West Orange Elementary Schools
Self-contained Special Education Classes
Fall 1998**

Elementary School	Class. Type	Age Range	Allowable Size	Students Enrolled	Aide in class	Aide Required	Available Space
Gregory	LD/Lang.	9-11	10	9	1	No	1
Pleasantdale	LD/Lang.	5-6	16	11	1	Yes	5
Pleasantdale	LD/Lang.	5-6	10	10	1	No	0
Pleasantdale	LD/Lang.	9-10	10	10	1	No	0
Pleasantdale	LD/Lang.	7-8	10	9	1	No	1
St. Cloud	LD/Lang.	8-10	10	9	1	No	1
St. Cloud	LD/Lang.	7-8	10	6	0		4
Pleasantdale	Preschool	3-5	8	8/8 (AM/PM)	2	Yes (1)	0
Pleasantdale	Preschool	3-5	8	8/8 (AM/PM)	2	Yes (1)	0
Total				96	10	3	12

The review conducted of the elementary school special education program indicates that seven special education teacher aides were not required based on class enrollments. The available space indicates a potential for the district to accommodate an additional 12 elementary students in these self-contained classes with the existing personnel.

Middle School and High School Special Education Program

Within the middle and high schools, approximately 350 students were assigned to either self-contained or departmentalized classes, plus resource programs that include pull-out and in-class support. There were 28 special education teachers in the high school and middle schools and nine aides who moved among the classes as needed. Twelve of the 28 teachers were primarily resource room teachers, serving approximately 147 students. The class size for the self-contained classes and resource rooms in the middle and high school vary from 1 to 15 students, while the Department of Education guidelines have class sizes from 3 to 16 depending on the particular classification, aide assignment, and program placement. In the high school, all special education teachers are assigned six instructional periods per day. The district's other high school classroom teachers are assigned five periods per day. The additional one period assignment carries no additional remuneration for the special education teachers, instead they do not have duty period assignments. This practice was approved in order to accommodate special education student schedules as determined by their IEPs. The combination of number of special education students, number of subjects offered, and least restrictive environment needs has a major impact on the scheduling process and is a direct factor on class size. The 6th period teacher assignment is a cost-effective way to add more classes to accommodate these students without hiring more teachers. On the other hand, if special education teachers were assigned only five periods, more positions would be needed. The West Orange District chose the most cost-effective method to solve its high school special education students' scheduling problem.

The review team recognizes that difference in age grouping or other legitimate circumstances may preclude the district from filling every special education classroom to capacity or that special situations may exist as a result of analysis completed by child study teams. The team also realizes that in some cases "allowable capacity" means the "maximum" number of students,

not “the recommended” number of students. However, the district should continue to carefully scrutinize this matter every year and be certain that resources within the district are utilized to the fullest extent possible.

According to the superintendent of schools, the district is trying to return one out-of-state special education student to an in-district class and will start an autistic program, which will serve four students who would have been placed out of district for school year 1999-00. The possible reduction of some teaching positions for special education is being investigated. The team supports these plans.

Recommendations:

The team recommends that the district look closely at both staffing and class sizes in its special education programs and review the schedule in order to accommodate more students per class. The district may be able to reduce the number of classes it now conducts, by increasing the number of students per class, which would result in savings in employee costs. Student needs as determined by the IEP should remain the controlling factor. LGBR recognizes that there may be programmatic reasons for a class size smaller than the maximum.

At the time of this report, the review team found that seven special education teacher aides were not required due to class enrollments in the districts’ elementary self-contained special education classes. If these positions were not filled, the savings would be approximately \$107,100. Additional space for 12 students was available in the elementary schools special education classes; the district should consider consolidating classes where possible or opening its door to invite other district’s tuition students with the same special education classification and same age group to enroll in its programs. Consolidation could afford staff or facility savings. Enrolling other districts’ students would generate additional revenue or provide an opportunity for cost savings. LGBR recognizes that there may be programmatic reasons that may require an aide. The district should consider this factor as it examines its staffing. Student mobility occasionally may require adding an aide. Transfers of aides from other instructional areas can solve this problem and avoid the need to open a new class.

Cost Savings: \$107,100

Special Education Medicaid Initiative (SEMI)

This program provides an opportunity for school districts to claim available federal funds and increase their revenues. SEMI is a joint initiative of the Departments of Education, Human Services and Treasury to claim Medicaid reimbursements for service being provided to eligible special education pupils. Services for which West Orange may claim reimbursement are: evaluations, speech, occupational therapy, physical therapy, psychological counseling, nursing services, individual health services and transportation. The state has distributed over \$9.9 million in Medicaid reimbursements to participating districts. The West Orange Board of Education recently became a participant in SEMI.

A conservative estimate of annual revenues for the district from SEMI is \$22,500. The estimate is based on 45 special education pupils receiving one annual evaluation and a minimum of one service/transportation per week for 36 weeks. The district is encouraged by LGBR to file a retroactive claim for documented services provided during the previous year.

The SEMI program will assist the district with staff training, on-site technical assistance, a centralized billing unit to prepare and submit the Medicaid claims, a toll-free number to answer questions, and monitoring for compliance with state and federal regulations.

Additional Revenue: \$22,500

Child Study Team

The Director of Student Support Services oversees the district's child study team and special education program. Reporting to the Director are both the Special Education Supervisor and the Supervisor of Guidance, each of whom has district-wide responsibilities and is housed in the High School. Four clerical staff are assigned to student support services. For the 1998-99 school year, the district employed the equivalent of six 10-month full-time child study teams (CSTs), comprised of six psychologists, five social workers, and seven learning disabilities-teacher consultants (LD-TCs). Child study team members are assigned to the district schools. One social worker and one school psychologist handle case managerial duties for out of district student placements as part of their assignments. Child study team summer services are needed in order to complete referrals that were initiated near the end of the school term and to determine program eligibility of summer transfer and first time preschool handicapped students in preparation for the new school year. These summer positions are posted and filled in accordance with board of education policy; compensation is \$200 per case plus \$28 per hour for general case managerial responsibilities. Related services staff include: two occupational therapists provided by the Essex County Educational Services Commission and one physical therapist provided by Cerebral Palsy of North Jersey, Inc. (service agreements/contracts are on file). The Director of Physical Education, Health, and Athletics assigns two adaptive physical education teachers to the district schools, based on CST student IEP recommendations. Five 10-month speech-language specialists are employed serving 317 students for both speech/language correction related services (205) and speech only (112) services. Of these, four speech language specialists are assigned to multiple district schools; one specialist is employed full-time in the Pleasantdale School. Speech services are based on a 10-period day of half-hour sessions and include group or individual sessions based on student need.

The primary responsibilities of the child study teams include evaluating and determining eligibility of pupils for special education and/or related services as well as coordinating, monitoring, and evaluating the effectiveness of the students' IEPs. The district's Special Education Manual, revised September, 1999, is a thorough and comprehensive document that covers child study team services, pre-referral and referral procedures, the evaluation process, the individualized education program, placement procedures, due process rights, pupil records and other district staff support services and resources. This manual is shared with district administrative and teaching staff members and is an excellent source describing federal and state special education and child study team mandates and procedures, as well as district policies and

administrative implementation guidelines. Likewise, the Special Education Parent Handbook, recently prepared by the Parents Advocating Special Services in Education and the district's department of special services, is well structured and should be highly useful to parents.

In an effort to identify ways to control district costs, an analysis of the special education student enrollments and of the scope of child study team services was undertaken as illustrated in the following charts:

STAFF & RATIOS TO ENROLLMENT, SPEECH & CHILD STUDY TEAM CLASSIFICATION RATES

Comparative Districts	1994-95	1995-96	1996-97	1997-98
West Orange (DFG-GH)				
Total Enrollment	4,718	4,898	5,115	5,195
Speech Rate	3.1	3.1	2.9	2.9
CST Rate	11.0	11.2	11.5	11.9
Ratio Enroll/(CST/3)	750 (18)	816 (18)	864 (17)	917 (17)
Ratio Enroll/Speech	776 (5.8)	980 (5)	742 (6.6)	N/A (0)
Montclair (DFG-GH)				
Total Enrollment	5,886	6,029	5,837	5,910
Speech Rate	2.8	2.7	2.8	2.1
CST Rate	12.3	12.7	14.4	14.8
Ratio Enroll/(CST/3)	1,278 (14)	1,130 (16)	1,138 (15.9)	1,062 (16.7)
Ratio Enroll/Speech	864 (6.9)	861 (7)	763 (7.9)	856 (6.9)
Teaneck (DFG-GH)				
Total Enrollment	4,334	4,390	4,505	4,589
Speech Rate	1.7	1.4	1.3	1.2
CST Rate	9.8	9.9	10.1	10.4
Ratio Enroll/(CST/3)	831 (15.4)	878 (15)	855 (15.4)	894 (15.4)
Ratio Enroll/Speech	854 (5)	878 (5)	878 (5)	918 (5)
Morris (DFG-GH)				
Total Enrollment	3,840	3,962	4,053	4,144
Speech Rate	2.2	2.2	2.0	2.1
CST Rate	13.7	13.2	13.8	14.1
Ratio Enroll/(CST/3)	745 (15.2)	792 (15)	675 (17.6)	658 (18.9)
Ratio Enroll/Speech	858 (4.4)	991 (4)	720 (5.5)	714 (5.8)
Number of Districts (DFG-GH)				73
Speech Rate			3.3	3.1
CST Rate			11.6	11.6
New Jersey				
Number of Districts				560
Total Enrollment			1,220,355	1,240,920
Speech Rate			3.2	3.1
CST Rate			12.0	12.1
Ratio Enroll/(CST/3)			1054 (3,439)	1027 (3,625)
Ratio Enroll/Speech			759 (1,593)	668 (1,857)

Source: New Jersey State Department of Education, Special Education Statistical Report

Speech & CST Classification Rates: percentages are calculated by dividing the public special education enrollment (Special Education Plan) by the resident public school enrollment (ASSA)

for each group. Ratio Enroll/(CST/3): calculated by dividing the total enrollment by 1/3 of the number of CST members. Ratio Enroll/Speech: calculated by dividing the total enrollment by the number of speech-language specialists. Numbers shown in parentheses represent staff members employed in FTE (Full-time Equivalent). DFG: District Factor Group - The District Factor Group is an indicator of socioeconomic status of residents in each district and is a useful tool for comparing different schools across the state. Factors in the DFG include income, educational attainment of adults, poverty level and occupations. They range from A, the lowest socioeconomic districts, to J, the highest.

West Orange Special Education Enrollments

Student Enrollments	1997-98	1998-99
Total District Enrollment	5,195	5,485
Special Education	852	811
Nonpublic	<u>-82</u>	<u>-92</u>
Public	770	719
Speech Only	<u>-150</u>	<u>-112</u>
Special Education Enrollment	620	607

Source: District's 1997 & 1998 Special Education Plan.

For the 1998-99 school year, 18 CST staff members were employed; one more than the prior year. The October 15, 1999 Application for State School Aid report indicates a total enrollment of 5,699 that includes 627 special education students for a slight decrease to 11.0% of special education students as compared to the prior year's ASSA report (see Table 1).

West Orange has implemented a variety of activities to help students who have special needs or are at risk. The district has in place well-defined Pupil Assistance Committees (PAC) which can assist in addressing those students who are inappropriately referred for assessment by the child study team and whose needs can best be met within the general education program. Section 504 of the Rehabilitation Act of 1973 allows for non-discriminatory educational programming by providing appropriate accommodations for eligible students that can make it possible for more students to be successful in the general education classroom environment. Therefore, both PAC and 504 activities can assist the teaching staff to design, implement, and monitor intervention strategies within the general education programs that are effective for students who may be experiencing instructional and/or behavioral problems. The addition of an elementary guidance program in the 1999-00 school year now provides counseling goals to teach students proactive strategies and behaviors that will promote school success through education and training in conflict resolution and problem-solving skills as well as working with parents to develop parenting skills. These techniques can be delivered in group or individual settings. These kinds of activities should be systematically promoted and may be accomplished without the need for child study team intervention or special education services. These areas are primarily under the administration of student support services thus allowing for overall district wide coordination of departmental programs and activities to continue the district's focus on reducing the rate of referrals and special education classifications.

The New Jersey Department of Education's Comprehensive Plan for Educational Improvement and Financing recommends seven child study team members be allocated to conduct evaluation,

classification and education program development for special education pupils in a Kindergarten through Grade 12 district with an enrollment of 3,075 students. This recommended ratio does not lend itself to the changing demographics and socio-economics of the West Orange schools which include a growing number of non-English speaking families, increased numbers of “latch key” and “at risk” students, and a rise in the number of students from low income families. West Orange, with 5,485 students in 1998-99, had 18 child study team members, due largely to the growing needs of its student population. The district has recently added two additional CST staff members based on the belief that an even greater need for special education exists. Given the helping work of PACs, elementary guidance and other efforts by the district, LGBR feels that 18 CST members are sufficient. This is reasonable given the district’s resources and needs.

Recommendation:

The district’s CST 20-member special education staff exceeds the State Department of Education recommendations. West Orange’s population characteristics indicate the need for a higher CST staffing level than the state model. However, LGBR recommends that the district consider a reduction of two CST staff members. This reduction will more closely align the district to the state average for CST Ratio Enrollment figures while providing for the added needs of the district’s children, and takes into account extra resources already in place in the district.

Cost Savings: \$148,370

Guidance and Counseling

Guidance and counseling services in the West Orange School District encompassed the high school and two middle schools for the 1998-99 school year. The high school guidance department is staffed by a supervisor, six full-time counselors, one 1/5th part-time counselor assigned to students in the Cooperative Education Work-Study Program, and three secretarial staff members. Students are assigned to counselors alphabetically and continue with the same counselor throughout their high school years. One of the six counselors handles all learning disabilities students. Students in the Horizons Alternative School Program are counseled as a group within a second counselor’s overall assignment.

The high school supervisor has a 10-month contract. He supervises the two middle school guidance departments, and effective with the 1999-00 school year, will oversee the district’s new elementary guidance program. For an additional stipend, he also assists with the Master Schedule involving summer employment.

The high school guidance and counseling program is an integral part of the school’s educational program. The major functions of the department include orientation programs, individual and small group (problem oriented) counseling, career and college counseling, course selection and scheduling and interaction with parents, as needed. Counselors hold small group meetings or go into classrooms to meet with students. These group sessions occur for a variety of reasons, such as: information sessions regarding high school programs, placement, and grading; scheduling procedures; discussion of standardized testing results; reviewing career interests and career planning; and preparing students for post-high school planning. PSAT, SAT, and AP information sessions are given at appropriate times. TV access is utilized through a local cable

channel for department functions and special programs that are also taped for students, staff, and parents who may have missed original program presentations. The district publishes an informative monthly Guidance Newsletter that highlights topics of interest or pertinence for the students and is also sent home to parents.

A major task for the counselors and the supervisor is student course selection and scheduling. The present computerized scheduling package does not allow for diverse characteristics of the high school curriculum and facility capacity. As a result, substantial counselor intervention is required to adjust student schedules; up to 35% of schedules needed such intervention one year.

The district also employs a full-time Student Assistance Counselor (SAC) who is assigned to the high school. This counselor provides services to students demonstrating “at risk” behaviors, such as eating disorders, drug or alcohol use, etc. Each case is handled on an individual basis. Some are managed entirely within the school; others are referred to outside providers, e.g., private physicians, and outpatient and residential treatment centers.

In the middle school guidance program each student is assigned to a counselor in grade six and remains with that counselor through grade eight. Both schools employ two guidance counselors. Counseling services are designed to provide each student support and advocacy throughout the transitional middle school years. Services include individual and group counseling in areas such as conflict resolution, decision-making, and peer-pressure. Additional guidance services include parent/teacher conferences, classroom guidance sessions, study skills program, and coordination and interpretation of testing results and program planning. The middle school counselors are responsible for their own clerical work which is time consuming and impacts on the delivery of the department’s services and activities to students, staff, and parents.

A unique feature of the middle school guidance program is the Advisory Program that involves students, teachers, and counselors. Each student is assigned to a counselor who will help that student cope with personal and social relationships, improve responsibility, and develop problem-solving strategies. In addition, students are assigned to a teacher/advisor who meets with them at the beginning of each day. The objective is to develop trusting adult relationships and provide support with these students as they further develop personal habits necessary for academic achievement. The guidance counselors are resource persons for each advisory group. Also, a cooperative mentoring program involving the guidance counselors and child study team case managers has been developed to assist learning disabled students with transition needs as they move from the middle schools to the high school.

A Core Team has been established at both the middle and high school to provide “early identification and intervention for students who exhibit ‘at risk’ behaviors which may affect their academic, social and/or emotional functioning.” Counselors, all of whom have been specially trained to serve in this role, rotate their participation on this committee. The team meets weekly, or as needed, to review each referred student’s progress, and to develop appropriate plans to assist the student with individual problems.

The district’s comprehensive guidance and counseling program guide defines the philosophy, goals and objectives of the guidance function. The program is organized by grade levels and the

guide includes purpose, program objectives, scope and sequence, proficiencies, and evaluation. The implementation of this planned, sequential program is designed to help students increase their self-knowledge and improve their competencies in career exploration and decision making. This should ensure their ability to make informed personal, educational and career choices.

The New Jersey Department of Education's Comprehensive Plan for Educational Improvement and Financing recommends the following ratios of counselors to students based upon grade level: high school 1:225 and middle school 1:338. For the 1998-99 school year, the high school enrollment of 1,519 students equates to a ratio of 1:250; the Edison Middle School enrollment of 562 students equates to a ratio of 1:281; and the Roosevelt Middle School enrollment of 655 students equates to a ratio of 1:329. Student/counselor ratios are within recommended state guidelines.

A district task force review report prepared in January, 1998, recommended that elementary guidance counselors be employed in each of the district's seven elementary schools. Commencing with the 1999-00 school year, the district hired three elementary counselors who have been assigned to multiple schools as follows: one counselor covers three buildings on alternate days of the week, and the remaining two counselors cover two buildings each with half-day schedules. The elementary school counselor building assignments with student enrollments for the 1999-00 are listed below:

Elementary Guidance Assignments By Building By Student Enrollment

Position	Pleasantdale	Washington	Total Students
Counselor A	377	421	798

Position	Gregory	Hazel	Total Students
Counselor B	458	316	774

Position	St. Cloud	Mt. Pleasant	Redwood	Total Students
Counselor C	379	346	401	1,126

The New Jersey Department of Education's Comprehensive Plan for Educational Improvement and Financing recommends a ratio of counselors to students in Elementary (K - 5) Schools of 1:500. The total enrollment of 2,698 students will require the addition of at least two guidance counselors in order to provide a more equitable distribution in accordance with state department's guidelines.

Recommendations:

The district's guidance functions are well-organized and appear to be meeting the needs of the students. The 1997-98 general fund expenditures for the guidance function are within the comparable ranges of the districts used for the Comparative Analysis section of this report. The number of high school and middle school guidance counselors for the 1998-99

school year is within the Department of Education's suggested range. LGBR recommends that the Guidance and Counseling Program Guide be updated incorporating the new elementary guidance program with articulation for Grades K - 8.

Consideration should be given to securing a computerized student information management system that will better serve the scheduling needs of the students and schools. With proper utilization a significant amount of time can be saved which can be reallocated to other areas of concern and need.

The placement of a part-time secretary in each middle school's guidance department should be considered to relieve the counseling staff of paper work so that more time and effort can be put into professional activities.

The district is commended for initiating an early intervention program in the elementary schools. Three elementary counselors have been hired with multiple school assignments. A good beginning has been made. The West Orange Task Force Service Report recognized the need to provide counseling to work on problems at early stages.

LGBR encourages the district to consider providing additional resources to provide the services needed to the elementary and middle school populations.

**Value Added Expense: Two part-time secretaries \$16,000
Two guidance counselors \$78,900**

Athletics

The Director of Physical Education/Health and Athletics is a 12-month administrative position. The physical education/health instructional program includes 30 teachers K through 12. The district's interscholastic athletic and intramural programs include 56 coaches for the high school and two middle schools. In the area of athletics this supervisory role includes the following major activities:

- preparation of the athletic budget;
- preparation of bid lists and the ordering of athletic equipment and supplies;
- inventory, storage, and reconditioning of athletic equipment;
- rental and use of athletic facilities as needed;
- contract for all athletic contests;
- handling procedures relative to athletic gate receipts and expenditures;
- assistance to coaches and other personnel for student athletic eligibility requirements;
- assistance in the preparation of coaches salary guides;
- assistance in the scheduling of buses for athletic events;
- assistance in the supervision of the athletic maintenance crews; and
- arrangement for police coverage for athletic events.

The athletic director (AD) is assisted by one full-time secretary and a site manager who is responsible for such things as the condition of the fields, securing and paying game officials, etc.

The site manager is a full-time high school teacher who is paid a stipend for these duties. In the middle schools, the assistant principal organizes the athletic programs, and one head coach is assigned per sport with approximately 20 students participating in each activity.

Coach's salary guides are established by the teachers' negotiated agreement. High school positions include athletic trainer, site manager, head coaches, assistant coaches, weight trainer, marching band director and assistant, and head cheerleading coach and assistant.

A variety of athletic activities are available for West Orange's high school and middle school students. Ten sports programs maintain the three levels of Varsity, Junior Varsity and Freshman: cross country (boys and girls), cheerleading, football, boys' and girls' soccer, girls' tennis, girls' basketball, boys' basketball, baseball, and softball. Additionally, co-ed bowling, ice hockey, indoor track (boys and girls), co-ed swimming, wrestling, co-ed golf, boys' tennis, and track (boys and girls) are offered at either the Junior Varsity or Varsity levels. The high school athletic program at all levels required the total scheduling of 773 games for the 1998-99 school year. Six athletic programs are currently offered to students in the two middle schools, i.e., girls' soccer, boys' soccer, girls' basketball, boys' basketball, baseball, and softball for a total of 100 scheduled games that year. A comparison of athletic and extra-curricular per pupil costs appears below.

The district's 1997-98 CAFR indicates an expenditure of \$465,307 for athletic activities. The athletic director's budget breakdown of costs associated with athletic activities included staff salaries, supplies, crowd control/officials' fees, equipment, reconditioning, insurance, transportation (including \$10,000 for emergency uses as determined by the AD), and miscellaneous costs. The largest expenditure (65.9%) was for salaries, including the athletic trainer, site manager, head coaches, assistant coaches, and weight trainer for the high school and middle schools.

Spectators are charged admission for entrance to high school football, basketball and wrestling events. These funds are deposited into the general fund and carried in the high school athletic fund. Records of gate receipts are maintained and accounted for in the athletic director's annual sales reconciliation report. Monies are used to support the high school athletic program. The West Orange High School Booster Club conducts fund raising activities to support the athletic program. These funds are generally used to purchase equipment or to provide college scholarships to student athletes.

Co-curricular Activities

An extensive variety of both extra- and co-curricular activities are available for high school and middle school students comprised mainly of intramural sports, clubs, and organizations. In the high school all clubs and service organizations must have a teacher to serve as a sponsor, and the student council must be contacted for a "Club Charter." Activities can function only after a charter is obtained with administrative approval. The district provides transportation when necessary for school interscholastic teams and other after school activities. Advisors to these clubs and organizations are paid a stipend as reflected in the teachers' agreement for 1998-2001. Additionally, staff members who act as chaperones for co-ed activities (school dances) or who perform supervisory duties on overnight trips were paid at the rate of \$73 or \$123 respectively in

1998-99. The district's 1997-98 CAFR indicates a total expenditure of \$134,617 for co-curricular activities (\$88,617 for salaries and \$46,000 for other expenses). The participation numbers reviewed by the team appear to warrant continuation of all programs, which offer varied enrichment experiences.

According to the New Jersey Department of Education's March, 1999 Comparative Spending Guide, the West Orange School District ranked 45th in spending among the 85 school districts of the same type (K-12 / 3,501+ students) throughout the state for extracurricular activities costs in 1997-98. Included within this indicator are costs for board-sponsored athletics and co-curricular activities such as entertainment, publications, clubs, band, and orchestra. It includes stipends for advisors, fees paid for sports physicals and officials, equipment, and supplies related to these activities. The following table illustrates data for the four comparative districts:

**Extracurricular Costs
Ranked Low Cost to High Cost**

District	Actual 1997-98 Per Pupil Cost	1997-98 Ranking	1997-98 % of Total Comparative Cost/Pupil
West Orange	\$129	45	1.4%
Montclair	\$140	53	1.6%
Teaneck	\$154	57	1.5%
Morris	\$206	80	2.1%

At a per pupil cost of \$129, West Orange is well below the comparative districts and also well below the state's average of \$147 per pupil for all operating types K-12.

Overall, the district seems to be doing a proficient job of containing costs associated with its athletics and co-curricular programs, while at the same time offering competitive and beneficial programs for its students.

Athletic/Co-curricular Transportation

A separate item not reflected within the athletic and extra-curricular activity costs referenced above, are associated transportation costs. Transportation for all high school and middle school interscholastic teams and district wide co-curricular activities and field trips are provided by the district whenever possible or, alternatively, through contracted vendors. For the 1998-99 school year, the district spent approximately \$33,078 for athletics, \$135,376 for co/extra-curricular after school (late runs), and \$35,409 for fields trips all of which were provided by outside transportation contractors. Costs for athletic/co-curricular transportation provided by the district's leased vehicles were not separately recorded; therefore, these additional related costs could not be determined.

Recommendation:

The team believes that West Orange's athletic program is efficiently and effectively managed and adequately meets the needs of the student body. However, transportation costs associated with athletic and co-curricular activities should be identified within the

district's budget line-item reports as recommended in the New Jersey Department of Education, Division of Finance Budget Guidelines, by specifically using "other than between home and school" appropriate account number object codes.

English as a Second Language/Bilingual

The English as a Second Language (ESL) and Bilingual programs are state-mandated programs designed to meet the needs of students whose dominant language is other than English and whose proficiency in English is limited. Largely local funds and state bilingual categorical aid support the program. The West Orange School District ESL and Bilingual program goals are to:

- Maintain and develop a sense of self-worth and confidence in ESL students.
- Develop those linguistic and academic skills necessary to succeed in an English speaking society.
- Provide ESL students with an orientation to American culture while maintaining pride in their linguistic and cultural heritages.

West Orange is a multi-cultural community. At the time of this review, 44 different primary languages were represented by a total of 1,220 students based on the district's 1997-98 Limited English Proficient Student Enrollment/Dropout Tracking System report. The native languages other than English represented are: Akan, Albanian, Arabic, Armenian, Bahasa Indonesian, Cantonese, Cebuano, Creole (Haitian), Creole (French-Patois), Danish, Dutch, Farsi, French, Ga, Georgian, German, Greek, Gujarati, Hebrew, Hindi/Hindustani, Ibo, Italian, Japanese, Korean, Malayalam, Mandarin, Marathi, Panjabi, Pilipino, Polish, Portuguese, Russian, Serbo-Croatian, Spanish, Taiwanese, Tamil, Telugu, Thai, Tigrinya, Turkish, Ukrainian, Urdu, Vietnamese, and Yoruba. The number of students participating varies throughout the year due to transience and "testing out." For the 1997-98 school year, there were a total of 180 students in the ESL program: 55 at the high school level, 32 at the middle school, and 93 elementary students representing 14.7% of the Limited English Proficient (LEP) student enrollment. One hundred eighty three students were enrolled in the program for the 1998-99 school year. These enrollment figures have been holding steady for the last half-dozen years, however, since 1988 the ESL population has almost tripled.

The ESL/Bilingual program is designed to meet the needs of LEP students participating in mainstream classes. Placement in ESL/Bilingual courses is based on multiple criteria, which include results on the Language Assessment Battery (K-8), the Maculaitis Test (9-12), standardized tests (local and state), teacher recommendations, and classroom performance.

The district employs a full-time ESL/Bilingual 10-month supervisor and has a full-time instructional staff of 10 who are all certified in ESL and/or bilingual education plus one bilingual aide assigned to the high school. Four teachers are employed as bilingual teachers and the remaining six are employed as ESL teachers. Each school has one teacher with the exception of the Gregory and Washington Elementary Schools and the High School, each of which employ two teachers. The staff includes several teachers who speak the home languages (Spanish and French) of the students. Due to the increasing language and cultural diversity of the district, the administration actively seeks bilingual candidates in all disciplines. In recent years the district has hired bilingual child study team members, one school psychologist and one social worker

that assist the schools with their bilingual special education assessments, evaluations, reports, and interpretation needs. Other staff members who are fluent in Spanish and French, as well as some other languages have been hired as secretaries and teacher aides who assist students, parents, and teachers with native language information needs on behalf of the schools and the community.

ESL

An ESL program must be provided whenever there are 10 or more students in a district whose native language is not English and who have sufficient difficulty speaking, reading, writing or understanding the English language.

The ESL program crosses grades and divides students into three levels (beginners, intermediate, and advanced) based on language proficiency. At the elementary level, ESL is a pullout program for 30 minutes of instructional time with an average class size of five students. At the middle school students are assigned one ESL period and one tutorial period per day with an average class size of 12 students. The purpose of the tutorial class is for students to work individually with an ESL teacher on content area subjects. At the high school, beginner level students receive three periods and intermediate/advanced level students receive two periods of ESL instruction per day. Additionally, LEP World History, United States History, Math and Science classes have been implemented. These courses are credited for graduation requirements.

Bilingual Education

Programs of bilingual education are required whenever there are 20 or more students of Limited English Proficiency (LEP) from the same language background enrolled in a district. For the 1998-99 school year, Spanish-speaking and Haitian-speaking students were enrolled in this program. These students are provided with bilingual education in addition to ESL.

The program at the elementary level consists of 30 minutes daily of pre-reading and mathematics instruction for kindergarten students with the bilingual teacher. Students in grades 1-5 receive 90 minutes of instruction in reading and mathematics and are grouped by grade level where possible to ensure that they are exposed to the appropriate subject skill level for that grade. At both the middle and high school levels, the second period of ESL instruction satisfies the bilingual service requirement.

The district also qualifies for grant money from the Emergency Immigrant Education Program (EIEP). An eligibility requirement of this grant is an enrollment count of public and non-public combined elementary and secondary students of at least 500 immigrant pupils constituting at least 3% of the total enrollment of the LEA. The 1998-99 grant of \$32,919 was used to provide a summer school program including transportation for K-12 eligible students.

Recommendations:

Although the district is pressed for facility space, it is recommended that the district attempt to find more appropriate locations that provide adequate space with the least amount of distractions to conduct this program.

The scheduling of students needs to be enhanced in order to more effectively place LEP students in appropriate groupings, particularly at the elementary level. Since there are many variables that impact on this process a possible improvement in this area would be to schedule LEP students as well as any other “special” groups, e.g., basic skills students, first and then backfill other regular classes into the Master Schedule.

Health Services

The West Orange School District employs one full-time certified school nurse in each of the seven elementary schools and two middle schools, and two full-time certified school nurses in the high school. The nurses primarily report to their respective building principals; general oversight of the health services program falls under the director of student support services in the administrative offices. All nurses are 10-month employees, and some nurses are asked to assist with sports physicals over the summer, for which they receive additional compensation. All nurses in the elementary and middle schools teach the equivalent of two health classes per day in conjunction with the health/physical education department staff as coordinated by the district director of physical education/health and athletics. The nurses’ instructional responsibilities include the following topics: substance use and abuse, disease prevention and control, personal health, growth and development, and first aid procedures. The primary functions of the nurses include general student assistance (first aid and medical checks), administering individual medications, health education instruction, conducting screening for physicals, coordination of inoculations, conducting in-service staff training, initiation and follow-up regarding medical problems and concerns to assist students and their families, and making appropriate referrals. The school nurses also serve as a member of the Pupil Assistance Committee (PAC) in their respective schools. Substitute nurse services are secured from the local city health department and other community agencies and are paid by voucher for services rendered and verified by the director of student support services.

There is no clerical support assigned to any of the nurses; consequently, each nurse is responsible for her school’s medical records. The district is considering future computerization in this area that should help in the maintenance of required data and standardization of district health practices.

Health personnel, examination of pupils, health records, immunizations, and health measures in general are provided in accordance with N.J.S.A. 18A:40. Two physicians were employed for medical inspection district responsibilities. Job descriptions and employment contracts are on record. The school physicians are primarily responsible for performing student physicals, excluding students for contagious or communicable disease, examinations of students applying for working papers, school employees’ examinations and vaccinations when required, and providing input regarding the district’s compliance with statutory and regulatory health requirements for public schools. For the 1998-99 school year, the school physicians were paid a total of \$15,450. A separate team physician contract in the amount of \$2,500 provides athletic/sports medical coverage for the high school football season. For the 1999-00 school year, the district has secured medical inspector services to include athletic/sports physicals and appropriate medical coverage for athletic events for the high school and middle schools through Kessler Institute for Rehabilitation at the contractual rate of \$15,000.

The 1997-98 district expenditure for health services was \$728,766, an increase of \$79,595 over that of 1996-97. This increase is largely due to increases in salaries and the hiring of an additional school nurse. Health supplies and other expenses increased modestly. The combination of these factors has resulted in an overall increase of 10.9% in the health services expenditure from 1996-97 to 1997-98.

Recommendations:

Medical record keeping and other clerical duties remain time consuming. With no clerical support, the nurses must perform these tasks. The district should consider reassigning existing clerical support on a part-time basis to the health services office to enable the school nurses to provide more direct services to the student population. Computerization of student records would also facilitate the record keeping task and the transfer of student information and mandated records from school to school.

Basic Skills

The Basic Skills Improvement Program (BSIP) is a state-mandated remedial program designed to address identified student needs in the areas of reading, writing, and mathematics. Local funds as well as state (DEPA and Supplemental Aid) and federal (Title I) funds support it. These funds are used to create a supplemental program for students in grades K-12. Student placement is determined by assessing performance through standardized achievement test scores administered in the spring. The new Terra Nova testing program was used for grades 3 and 7, and the Iowa Test of Basic Skills (ITBS) testing program was used for the other elementary grade levels. Students in the high school are identified through the Early Warning Test (EWT) in 8th grade and the High School Proficiency Test (HSPT) in 11th grade. Older versions of the EWT and HSPT are administered to grade 9 and grade 10 students respectively as part of the district's annual needs assessment requirement. Also, subject area tests, report card grades, class performance, and teacher recommendations are used for student selection. The district utilizes the state's standardized test score cutoffs for BSIP eligibility for grades 5 and up and has established its own cutoff scores for the lower grades as follows: Reading-30th percentile, Writing-25th percentile, and Mathematics-35th percentile. Parents are formally notified of their child's participation in BSIP by the school principal. Parents are advised that they may contact their school principal or classroom teacher or the Basic Skills Coordinator if they are in need of assistance and information concerning program criteria for eligibility or placement.

Coordination between the basic skills staff and other education staff members is an ongoing process to ensure that both the developmental and remedial programs meet the educational needs of the students. Learning disabled students are included in BSIP only if warranted by test scores and if specifically stated in the student's Individualized Education Plan (IEP). ESL/Bilingual students are included in BSIP if warranted by test scores and after consultation with the ESL/Bilingual Supervisor. To that end, an Individualized Student Improvement Plan (ISIP) which identifies specific skill needs and describes the schedule of studies is developed for each student in the basic skills program.

On the elementary level, BSIP instruction can be provided in either a setting outside of the regular classroom or small group instruction within regularly scheduled mathematics, reading,

and writing classes. Instruction in the designated Title I schools (based on the number of low income families) for Hazel and Washington Elementary Schools and Edison Middle School, ranges from 90 to 150 minutes per week per subject based on individual student need. Instruction in the non-Title I schools ranges from 90 to 120 minutes per week per subject. The middle schools' reading/writing and/or mathematics replacement program has class sizes approximately one-half the average number of students in general education classes; in addition, students receive Computer Assisted Instruction (CAI) based on skill needs. The high school offers regularly scheduled classes for a minimum of 60 minutes of instruction based on individual needs to a maximum of 150 minutes per week with options for varying services, e.g., the reading period may be extended up to 45 minutes and then be divided to serve the reading and writing components.

The number of eligible basic skills students has significantly increased since the 1996-97 school year due to socio-economic and changing demographics in the district's schools.

- 1996-97 681 students (Grade 1 through Grade 12)
- 1997-98 719 students (Grade 1 through Grade 12)
- 1998-99 867 students (Grade 1 through Grade 12)

The district's basic skills instruction program employs 13.2 full-time teachers in the elementary grades K-5, and 17 teachers pro-rated in the middle school grades 6-8. The high school remedial program is incorporated into the appropriate English and Mathematics Department course offerings. The following tables provide a breakdown by school of the approximate number of students who received basic skills instruction during the 1998-99 school year:

Elementary Schools (Grades 1-5)

Gregory	Hazel	Mt. Pleasant	Pleasantdale	Redwood	St. Cloud	Washington
87	73	46	85	91	35	97

Note: All kindergarten students receive 90 minutes per week intervention program via a team teaching inclusion schedule within the regular classroom setting.

Edison Middle School	Roosevelt Middle School	West Orange High School
128	47	178

The district's elementary basic skills instructional staff salaries are prorated to various funding sources as listed:

Sources of Basic Skills Salaries 1998-99

School	Title I	DEPA	Local	Supplemental Aid
Gregory <i>2 Teachers</i>			1.5	.5
Hazel <i>2 Teachers</i>	.5	1.0	.5	
Mt. Pleasant <i>1.5 Teachers</i>			1.5	
Pleasantdale <i>1.5 Teachers</i>		1.5		
Redwood <i>2 Teachers</i>			1.0	1.0
St. Cloud <i>1 Teacher</i>				1.0
Washington <i>3.2 Teachers</i>	1.5	1.5	.2	
Edison <i>9 Teachers</i>	.8	1.6	6.6	
Roosevelt <i>8 Teachers</i>			8.0	
Central Office <i>1 Coordinator</i>			.8	

NOTE: The high school program incorporates BSI services into regular course offerings.

Total program expenditures (salaries, supplies, textbooks, and equipment) by funding source for the last two years are listed below:

Basic Skills Program Costs

Basic Skills/Remedial	1997-98	1998-99
Title I	\$217,539	\$222,598
DEPA	150,207	341,349
Local	288,478	243,978
Supplemental	<u>161,718</u>	<u>275,571</u>
Total	\$817,942	\$1,083,496

The program is well-organized and implemented. Criteria for student participation and exiting from the program employ multiple measures. The schools stringently monitor student progress; consequently students are validated out of the program only when they have achieved district standards. BSIP students represent about 12% of the high school enrollment. They are not exempt from the High School Proficiency Test and must meet all graduation requirements. The

1996-97 New Jersey School Report Card for West Orange High School indicates the percents of students passing each HSPT11 section as follows: Reading-89.9, Mathematics-92.5, and Writing-98.1 (all scores are 6.6% or higher than the state averages).

The West Orange Basic Skills program has high parental involvement and evening programs for parents are conducted several times per year. School newsletters are sent home monthly. The primary focus of the parent programs are: how to develop goals and activities that will help build reading, language and math skills; how to work with the child at home; and techniques of communication and cooperation between parents and the school.

The district has moved intake processing to the summer months. This has reduced the amount of time during the school year utilized in assessing and identifying new basic skills students. This practice was introduced the summer of 1998 and teachers are paid an hourly rate for three days work. This procedure is very productive for several reasons: (1) it allows the basic skills teaching staff the opportunity to meet with parents to explain the program; (2) it reduces the amount of time other staff members, i.e., guidance counselors, need to schedule students to be mainstreamed into the general education program; and, (3) most important, it facilitates earlier program start-up in the new school year, which means more instructional time for the basic skills program.

Recommendation:

In view of the increasing number of basic skills students, it is suggested that the summer intake processing activities be expanded to a minimum of five days work. Earlier program start-up means more time on task, which should prove beneficial to the students, staff, and the school community.

Value Added Expense: \$2,500

Library/Media Services

The West Orange School District operates 10 libraries, one at each school facility and offers media services at each location. One librarian/media specialist staffs each school, except the high school, where there are two librarians/media specialists.

The West Orange school libraries are all using the automated SIRS Mandarin system. This is a popular automated system for cataloguing, circulation, and reporting. It has the ability to provide reports and statistics that will assist the librarian to keep circulation and inventory records.

The West Orange School District also has a policy regarding computer usage. All computers have a filter eliminating inappropriate web sites. At the beginning of each school year, notices are sent home, in which parents and students must review and comply with computer and Internet policy. Furthermore, librarians/media specialists must provide students with a code in order to log onto the Internet. This allows the librarian/media specialist to easily identify and monitor those students using the Internet at all times.

The West Orange School District has begun exploring cooperative efforts with the municipal library. Most of the elementary classes visit the public library as one of their class trips. The students are given information on how to obtain a library card. To date approximately 8,000 children have a public library card. Students can browse the municipal library website to aid in school projects. In addition, the municipal library hosts a periodic teacher breakfast to introduce the teachers to new services that may fortify their curriculum.

Elementary Schools - Elementary schools have a collection of approximately 10,000 books and periodicals. Librarians work collaboratively with the faculty and staff. All students visit the library one 45-minute period per week. This visit consists of a half-hour of computer instruction, with 15 minutes available for book selection.

Middle Schools – The middle schools have a collection of approximately 17,000 books and periodicals. A calendar showing the library’s schedule, including a sign-up sheet, is posted at the front desk. This allows teachers to schedule visits to the library. The library is open one half-hour after school hours.

High School – West Orange High School has approximately 1,600 students and a collection size of about 22,000 books and periodicals. During the first six weeks of classes, a formal orientation session is given to all incoming freshmen. Special programs, often featuring guest speakers occur periodically throughout the school year.

Teachers can bring classes to the library. The library can accommodate up to three classes during the same class period. There are 13 computers which students can use for research. Students can obtain a pass to visit the library during study halls and lunch period.

Curriculum – The teachers and the librarians/media specialist utilize informal communications to work collaboratively.

Purchasing – Books and materials are ordered through several cooperative associations, which offer discount rates.

Technology – The district has completely automated the library function of the card catalog and circulation. Part of the current plan is to have the ability to communicate electronically with the municipal library.

West Orange High School Library produces a monthly usage report. This report indicates that student usage is high and that many students visit the library before and after school. The students have approximately 40 minutes before and after school to use the library. With so many students using the library, many students find it difficult to secure a computer in the time available. Being automated and, therefore, dependent on computer stations, the libraries require a regular maintenance and timely technical support to reduce the amount of computer stations backlogged for repair, which causes an unproductive environment for the student.

Recommendation:

LGBR recommends that the district evaluate student usage at the high school library to determine how many additional computers are necessary in order to accommodate student needs more effectively.

The team commends the district for its recent cooperative efforts toward shared services with the municipal library, and recommends further exploration in this area.

LGBR recommends that the district evaluate its work order procedure for media services equipment and computers. This would greatly reduce the number of work orders backlogged for repair. Based on our review, the district should consider a scheduled maintenance plan for the district's libraries or for their technology.

Software Policy and Installation

District documents indicate that district personnel install software on networks and many stand alone computers. Software is not to be installed without appropriately purchased lab packs, site and network licenses, etc. Classroom teachers and administrators are "discouraged" from installing software on computers in classrooms or offices. A district software adoption policy as approved by the board of education in May, 1999. At that time a technology plan update was submitted to the Department of Education that covers the period 1999 through 2001, which has been approved and is on file with the department.

Inventory

The district faces the ongoing challenge of keeping pace with supplying sufficient technology to meet the demands of its growing student enrollment as well as dealing with the incessant changes in technology. Both issues place significant financial strains on the district. Through a variety of sources, the West Orange Schools are making progress in the acquisition of educational technology--from a 12:1 ratio of students to computers in the fall of 1998, the ratio has decreased to 7.75 to one in one year. The New Jersey State Department of Education recommends a 5:1 ratio.

An ATM network installed as part of the Technology Challenge Grant provides students and staff with greater Internet access. The network will also provide every teacher with an e-mail account.

Insurance Coverage

The coverage limit of district technology equipment and hardware is \$1,272,000, with a \$500 deductible.

Hardware Purchase and Maintenance

The requirements of the software to be used determine hardware purchases. With the exception of Apple equipment, the district attempts to purchase non-brand specific machines since their components are readily available, and less expensive. One-year on-site warranties and maintenance are part of the district's bid requirements. Large projects are equipped by an open bid process. Use of the state contract process is also made.

First year routine maintenance is the responsibility of district personnel. Equipment failure is the obligation of the installing vendor. A district computer technician provides repairs reducing the amount of equipment sent outside the district. The technician will provide support and maintenance to the district's educational networks.

The revised Technology Plan of the West Orange Schools has been approved by the district board of education.

Initial approval of the plan by the Essex County Superintendent of Schools took place in December, 1997. The document describes the district's future directions in the educational application of information management, with special attention to distance learning, specialized applications, and training and support programs.

Student Programs

All district elementary school students receive instruction in a computer lab weekly. The instruction aids students in attaining the goals of the New Jersey Core Curriculum Standards through a variety of software programs. Weekly access to library media center computers is also part of the students' experience. Many of the elementary school classrooms contain one or more computers.

Middle school students learn keyboarding skills and computer applications during their years in grades six, seven, and eight. During this time, students learned word processing, database use, and spread sheets. The middle school libraries provide a variety of automated information acquisition opportunities.

High school students can use the automated library media center; as well as select a variety of courses that utilize information gathering through technology-journalism, science, automotive shop, music, computerized drafting, business education and mathematics labs, and digital photography.

Like many districts with multiple schools, West Orange is working to ensure student equity in access to technology. The district's technology plan and the guidance of the K-12 Educational Technology Coordinator make equity access a goal for the district.

The district's Educational Technology Coordinator has made impressive strides in developing a comprehensive staff development program. A wide variety of training opportunities is provided in a three tiered system of increasing levels of knowledge and ability. These activities are provided both in the school using district personnel, as well as at the Education Technology Training Center for the entire district.

Community volunteers wired the elementary schools for networks and Internet access. The district estimates that this arrangement saved it approximately \$105,000. District personnel have utilized self-paced technology tutorials in computer systems training offered by a major insurance corporation at the company's site, thereby saving the district the fees of training consultants.

Nonpublic School Services

Nonpublic schools in New Jersey may apply to the New Jersey State Department of Education for funding of certain auxiliary services. It is the Local Education Agency's (LEA) function to process the funding and in some instances to provide the services for which the funds have been awarded.

Auxiliary services to the nonpublic schools in the West Orange School District were funded through state aid of \$493,325 for the 1997-98 school year as follows:

State Aid for Nonpublic School Auxiliary Services 1997-98 School Year

Textbooks	\$83,986
Nursing	\$125,051
Supplemental Instruction	\$35,137
Exam. and Classification	\$95,490
Transportation	\$3,622
Home Instruction	\$1,635
ESL	\$30,066
Compensatory Education	\$82,464
Corrective Speech	\$35,874
Total	\$493,325

In the 1997-98 school year, the West Orange Public Schools provided auxiliary services to seven local nonpublic schools. While the state aid in support of these services is applied for directly by the nonpublic schools, the LEA is charged with the receipt, distribution and, where less than the full amount is distributed, the return to the New Jersey Department of Education.

BUSINESS OFFICE OPERATION

The West Orange District's business office duties are divided into three segments: bookkeeping, benefits and payroll, and administrative.

The staff includes a business administrator, an assistant business administrator, two bookkeepers, a benefits manager, a payroll clerk and two support personnel. All business office employees have a 12-month contract. The assistant business administrator's duties require continual involvement with the budget and purchasing, food service, and investments. One staff member is responsible for payroll. The benefits manager is responsible for making investments and managing the cash flow, with the assistant business administrator's approval. The benefits manager is also knowledgeable in the area of payroll. The bookkeepers divide duties. Both are responsible for entering purchase orders on the computer and managing the duties of an accounts payable department. One of the bookkeepers records revenues such as state aid, interest on investments, etc. Along with the two support staff members, a student in the work-study

program assists with business office duties. This arrangement provides assistance in completing many routine duties; it also enables a high school student to receive training in the business world, a commendable practice.

At the end of the 1996-97 school year, a staff member retired and was not replaced, resulting in a saving of salary and benefits. Duties and responsibilities were divided among the employees due to budget constraints. A revision of job descriptions is planned.

Recommendation:

Job descriptions should be updated as various positions, duties, and responsibilities are modified.

Policy and Procedures

The district has a new policy on purchasing procedures. However, there is not a policy and procedures manual to implement this policy. A manual provides guidance to employees to carry out operations of the district efficiently and accurately. While the Department of Education does not require a procedure manual, it can be helpful to new employees. It also provides all employees a written guide to refer to while accomplishing the school operations.

Recommendations:

LGBR recommends that a policy and procedures manual be developed to define and clarify district-wide operations. Each office should define procedures for its respective offices. The superintendent and business administrator should review the procedures and bring it to the board for final approval and adoption. The administration might review existing documents from other districts and modify them to suit West Orange's procedures.

Salaries

With the exception of one newly hired office employee, base salaries for business office personnel ranged from \$37,350 to \$44,450. In addition, longevity payments are made to personnel who have been employed in the district over 14 years. Longevity payments range from \$2,100 to \$4,200. Currently three employees are receiving longevity payments. Executive secretaries in the board office are given an additional stipend of \$500 each year not outlined in the negotiated agreement. Further, there are no descriptions of the categories and steps on the guide and nowhere in the negotiated agreement is there an explanation for initial placement on the guide.

Recommendations:

LGBR recommends that the negotiated agreement include the categories on the secretaries' salary guide and give an explanation where various staff members are to be placed when hired.

LGBR recommends that the district eliminate longevity increments from salary guides. Employee compensation should be reflected in the salary guide without adding additional categories for reimbursement based solely on years of service. Such a change could only be accomplished through the negotiation process.

Training/Educational Incentives

The negotiated agreement provides tuition reimbursement for a maximum of six credits per secretary per school year in the amount charged per credit by the state colleges of New Jersey. The courses must be approved by the superintendent and be related to the staff member's work.

Also, the negotiated agreement provides stipends for professional development programs. A secretary holding a Professional Standards Certificate, National Association of Educational Office Personnel receives a stipend. The amount for the 1997-98 school year was \$1,375. This stipend increases each year according to the salary guide. Over the three-year period that the contract covered, 1995-96 to the 1997-98 school year, the increase in this stipend was \$125.

Another stipend may be granted for completion of the New Jersey Association of Educational Secretaries (NJAES) certificate. Required college level courses must be successfully completed to receive a certificate. An additional stipend is awarded annually upon completion of a second certificate and another when a third certificate is attained. Twenty additional business related courses are required to attain the second certificate. A third certificate is awarded when an Associate Degree is earned. The stipend is increased each year according to the negotiated guide, as follows:

	1995-96	1996-97	1997-98
NJAES-First Certificate	\$625	\$650	\$675
NJAES-Second Certificate	\$1,250	\$1,310	\$1,375
NJAES-Third Certificate	\$530	\$550	\$575

When a secretary completes all three NJAES certificates, in the 1997-98 school year, \$2,625 is added to his/her salary. In reviewing the newly ratified guide, this stipend is increased again each year. Stipends become a part of the salary for pension purposes.

Staff training is a positive measure that helps employees maintain up-to-date knowledge. Offering an incentive to learn and to grow professionally helps ensure that training is accomplished. However, this incentive is given each year and increased continually.

Recommendations:

LGBR recommends that the incentive for completion of educational certificates be given on a one-time basis, not continually added to the employee's base salary.

LGBR recommends that ongoing computer training be given to office staff in order to keep up with ever-changing technology and to provide the staff with the proficiency needed to originate spreadsheets and reports needed in the business office.

Purchasing

Purchasing is a function of the business office. Two bookkeepers perform their duties under the supervision of the assistant business administrator and the business administrator. The district processes approximately 6,500 purchase orders per year. About \$10 million or 19% of the district's \$54 million in school year 1997-98 expenditures was spent for textbooks, supplies, equipment, contracted service, heat, electricity and other items.

West Orange School District's purchasing process guards against over-expenditures. The purchasing system will not enter any activity if adequate funds are not available. If adequate funds are not available, the board office administrators and the superintendent must approve a transfer of monies from one line item to another. The transfer is then brought before the board for approval at its next meeting.

The business office works with the schools in the district and with vendors to make sure that all purchasing is completed as efficiently as possible. The West Orange School District is exploring district/township-shared services for potential purchasing cost savings. One of the areas of exploration is the purchase of natural gas on a shared basis.

The district contracts with a private firm to purchase office supplies and copy paper. The firm prepares the order booklets and advertises for bid proposals. The district is planning to enter into a cooperative effort in the next fiscal year in hopes of obtaining lower costs.

The district is utilizing appropriate procedure as described by the Generally Accepted Accounting Principles (GAAP) and in accordance with New Jersey Statutes 18A:19.1 through 4. An automated purchasing system could further streamline the current purchasing function.

Recommendations:

LGBR recommends that the township and school district continue exploring joint purchasing possibilities. The shared effort in bidding the purchase of natural gas would reduce the cost for natural gas. The district could potentially save 7% or \$10,150. LGBR further encourages the district to investigate participation in the Alliance for Competitive Energy Services (ACES) program, a public consortium of school districts engaged in the cooperative purchase of energy. The district should also investigate other opportunities to save money through state purchasing cooperatives.

Cost Savings: \$10,150

LGBR recommends that the school district consider the use of an automated purchasing system to replace the existing manual system. An automated system would minimize administrative efforts and labor duplication.

Grants

The West Orange School District had 19 education grant programs in operation during the 1997-98 school year. These include both entitlement and competitive grants from the federal and state governments. Nine grants from the state government are for non-public schools. The federal education grants for the district include Title 1 basic skills, Title 2 Eisenhower Professional

Development, Title 4 Safe and Drug-Free Schools and Communities, Title 6 Innovative Education Program and Strategies, IDEA Special Education and Emergency Immigrant Education. The state education grants for the district include the Demonstrably Effective Program, Instructional Supplemental and Distance Learning Network.

The district received nearly \$1.7 million in special revenue grant funding in 1997-98, which included \$493,325 in state funds for non-public schools and \$521,381 for local public schools. The district does not have a full-time grant writer or a central grant application office. In the past, an assistant superintendent handled the grant applications. In school year 1998-99, the district contracted with a private firm to handle the grant applications. The service included grant research, investigation, planning and preparation. The district paid a total of \$35,000 for this service. According to the contract, the firm must obtain grant funding in excess of or equal to the amount of their annual fees or continue their service until the awarded funding reaches the amount of the fee paid.

Unexpended grants may be returned to the grantor if not spent within the designated grant calendar year as prescribed in the program guidelines. A review of the district's grant program revealed that unexpended balances have occurred over the past two years. As indicated in the audit report findings, funds have been lost to the district because of its inability to spend them in the allotted time period. These are dollars lost in non-public textbook and nursing aid. The district's federal fund balances are carried over from year to year on an annual basis.

The district was awarded a New Jersey Technology Literary Challenge Grant for April 1, 1999 through March 31, 2000 in the amount of \$94,998. This was a very competitive grant. West Orange is to be congratulated for this effort.

Recommendations:

LGBR supports the idea of hiring a grant writer for new grant applications. Old grant applications should continue to be handled by the district in-house. The district should keep track of the grant awards obtained under contract by the private firm. Tracking of the grant awards would provide important information to the district for future cost negotiations. The district may consider hiring a competitive grant writer or contract out this service for a percentage of the funds awarded.

The district should closely monitor the expenditures for all Federal awards to ensure that expenditures are incurred within the period budgeted to avoid excess carryover.

The district should frequently visit the New Jersey Department of Education web site (www.state.nj.us/education) and United States Department of Education web sites (www.ed.gov/inits.html) and (www.ed.gov/funding.html) for current information on available grant programs. These web sites provide an excellent source of information for the schools to obtain additional grants if qualified.

Cash Management

Treasurer of School Monies

The treasurer of school monies within the West Orange School District, holds in trust Local Educational Agencies (LEA) monies. In addition, the treasurer records all monthly transactions, and provides the board with detailed accounting reports. This mandated position functions as a control mechanism for the district. The treasurer is not required to reconcile the athletic and student accounts.

The district's treasurer, who is also the township's tax collector, receives monthly disbursement reports from the board office, and makes deposits to the general fund and net payroll account for the school district. A board office employee verifies payroll. In reviewing the treasurer's report, it was noted that the Trust and Agency fund information was not included in the report.

Recommendation:

In order to provide an independent accounting of all cash transactions to the board, it is recommended that all accounts be reconciled and reported by the treasurer.

Banking Relationship

The analysis of the West Orange School District's management of its cash balances revealed that the district had no formal agreement with its bank. The bank does not provide the district with a monthly analysis of investments, required balances or costs incurred. The district's funds are not all invested in government accounts nor do the bank accounts earn interest. In addition, the bank representative does not routinely meet with the district.

Recommendation:

The bank pays the district's payroll service fees totaling \$24,000, provided the district keep two non-interest bearing CD's totaling \$90,000 in their bank. Other services are received from the bank, but the bank does not report cost of services to the district. Although the district is financially better off by having the bank incur the payroll costs, LGBR recommends that the district seek proposals for its banking business. This would foster competition, keep the district informed on new banking developments, provide competitive interest rates, and minimize administrative efforts.

Cash Flow

The assistant business administrator and a board office employee monitor the cash flow and manage the district's bank account balances. The cash flow analysis is performed in order to invest in certificates of deposits as well as to prevent negative account balances. The analysis of West Orange's cash balance revealed that balances maintained in the general fund are sufficient to enable the district to pay its monthly obligations. However, an on-line banking program, which is currently not utilized by the district, should be considered.

Recommendation:

On-line banking would assist the staff with an accurate cash balance on a daily basis. This would allow more appropriate investing by depositing only the amount of funds needed into active accounts, particularly the general fund.

General Operating Cash Accounts

The district maintains seven checking accounts used for general operating purposes. The board has additional funds from a recent lease-purchase agreement, which it entered to make capital improvements to the Edison and Roosevelt Middle Schools and the high school. A lease-purchase agreement permits the district to borrow funds without resorting to a referendum. After a required public hearing, the participating bank sells certificates of participation as a public offering and raises the funds the district needs for the project. As the project progresses, the funds will be used to pay the district's financial obligations.

Investments and Interest Earnings

The majority of the district's bank accounts did not earn interest in the 1997-98 school year and those accounts that did, earned very little interest. The bank requires the district to invest in a certificate of deposit, in return for the bank paying payroll company costs.

Excess funds (those funds not needed for monthly obligations) were invested into certificates of deposit and repurchase agreements. These investments range from five days to seven months. During the 1997-98 school year, certificates invested from the General Fund received an interest rate from 4.70% to 5.45%, just below the rates available from the New Jersey Cash Management Fund. LGBR feels that the district would reduce administrative time currently spent on monitoring investments by investing in NJCMF or interest-bearing accounts in its own bank.

The team compared the amount of interest received by the district in its bank accounts under its present arrangement to the amount the district could have received if the funds were deposited in the NJCMF. Consideration was given to the fact that the school district must keep funds available and that the district receives services from the district's depository, which are not available from NJCMF. It was determined that if the district's funds were invested in an interest-bearing account earning an average of 2.5% interest, the district would have earned approximately \$25,000 in interest.

Recommendation:

LGBR recommends that the district meet with banking representatives to convert its accounts to interest-bearing accounts. If interest were received on all accounts, using a conservative 2.5% net interest rate, they would realize an interest benefit of approximately \$25,000.

Revenue Enhancement: \$25,000

The LGBR recommends that the district seek proposals for its banking needs. The competitive process will provide the district with benefits, an itemized schedule of costs for services, and competitive interest rates.

Student Activity Accounts

Each school in the district has a student activity fund. Students and the PTA generate revenues through fundraising events. The high school activity account is comprised of funds belonging to various clubs and the class accounts. Funds are used to subsidize the cost of graduation caps and gowns, which are partially paid by student dues. Funds are also used for class trips. In addition to revenues raised by students and the PTA, each year the board of education budgets supplemental funds to support student activities.

The principal and secretary of each school maintain the student activity accounts. The high school account consists of 77 clubs and class accounts. The revenues and expenditures are maintained in one checking account with separate records for each club.

Recommendation:

The high school activity account is the only interest-bearing account. If all the student activity accounts were interest bearing, generating a 2% interest rate, the interest earned would have been \$4,648 instead of \$1,615.

Revenue Enhancement: \$3,033

Surplus Funds

Generally, surplus funds are incorporated into a district's budget in order to provide funds in the case of an emergency. School districts often maintain a fund balance between 2% to 6% of total budgeted expenditures. If a district's fund balance exceeds 6% at the end of the school year, the district is required to appropriate the excess amount into the next budget for tax relief.

Surplus funds, or the opposite, deficit balances, in the budget are caused by the difference in revenue and expenses in the proposed budget year and the total amount of available surplus from the prior year. A district's ability to forecast adequate surplus fund needs is a sign of sound financial controls.

A review was conducted of the district's financial control over surplus funds for the past four years. The review revealed three consecutive years of budget over-expenditures. The over-expenditures during 1994 through 1997 exposed the district to cash flow problems and insufficient funds to meet emergencies.

On July 1, 1994, the district had over \$3,000,000 in its fund balance. In the 1994-95 school year, the district over-expended its budget by \$2,362,583, decreasing its fund balance to \$971,912. The over-expenditure was in the employee benefits account. The account was over-expended due to a transfer of expenditures into the general fund. The district was self-insured and the funds were being reported in an account other than the general fund. In meeting GAAP requirements, this expense was transferred to the general fund.

In the 1995-96 school year, the district's revenues were less than anticipated by \$47,886 and again the budget was over-expended. The deficit at the end of the school year was \$1,000. The district reported that the major cause of the deficit was due to higher than expected insurance costs. The deficit was covered by an appropriation from the fund balance.

In the 1996-97 school year, the district over-expended its budget in the amount of \$313,994. The deficit at the close of the school year was \$342,436. This over-expenditure was due to expenses exceeding budget in the transportation area. The district's auditor made a prior year adjustment and charged the transportation account for a bill that was incorrectly charged in the 1997-98 budget.

In the 1997-98 school year, an excess of funds totaling \$346,029, brought the district out of a deficit. The fund balance on June 30, 1998 was \$3,593.

YEAR	BALANCE	DEFICIENCY	BALANCE
1994-95	\$3,334,495	(\$2,362,583)	\$971,912
1995-96	\$971,912	(\$1,000,354)	(\$28,442)
1996-97	(\$28,442)	(\$313,994)	(\$342,436)
1997-98	(\$28,442)	\$346,029	\$3,593

The district is aware of the surplus problem and is making efforts to build a reasonable fund balance.

Recommendation:

LGBR agrees with the audit finding for the fiscal year ended June 30, 1998, that the district make every effort to reduce costs and maintain a balance in its surplus fund account of at least 2% of total budgeted expenditures. The district should take every precaution to prevent over-expending its budget and falling into a deficit. LGBR supports efforts that the district has undertaken to preserve a reasonable surplus.

SERVICE CONTRACTS

Legal Fees

An analysis of the district's legal expenses over the past two years, 1996-97 and 1997-98, revealed expenditures totaling \$7,306 and \$55,323 respectively, which did not include the salary of the board attorney. Fees increased by \$48,017, or 657%, from one year to the next primarily due to a case brought against the district and three settlements. The case was related to the breach of the district's transportation contract (see transportation section for details). A law firm from Morristown was appointed to handle the transportation case and was compensated at the rate of \$150 per hour. The law firm was paid for out-of-pocket costs for expenses such as travel, messenger and delivery fees, etc.

A review of the vendor analysis records for school year 1997-98 revealed that of the \$55,323 total, \$23,000 was paid in settlements, \$25,124 was paid for transportation issues, \$2,500 was paid to the board attorney for his office reimbursement, and \$4,699 for miscellaneous legal expense. The settlement expenses were recorded in the same account as the legal expense, which is not in accordance with the Department of Education Accounting Guidelines.

The board employs a part-time board attorney. He has been working for the board for more than 10 years. In addition to attending board meetings, he is responsible for litigation, preparing contracts, student discipline, employee suspensions, student residency, lease purchase, etc. The board has an employee contract with the board attorney that was reviewed by the team. His salary is paid through the board's payroll. In school year 1997-98, the board attorney was compensated at a salary of \$60,524. He also receives medical benefits, 10 days sick leave and pension. The board attorney was also paid for expenses incurred, such as mileage, parking, meals, fax and postage, dues and subscriptions. In addition, the board attorney received reimbursement of \$2,500 a year for his office expenses. The board attorney spent about 80% of his time working on the board's matters and 20% of his time in his private practice. In school year 1997-98, the district spent a total of \$131,978 in legal fees, which included the board attorney's salary and benefits. Access to the board attorney is appropriately controlled. If there are any legal questions, the district refers them to the board attorney before consulting the outside attorney. According to the board attorney, he spends an average of 30 hours per week on the board's business.

Recommendation:

According to the Department of Education Accounting Guidelines, settlement expenses should be recorded in the Judgements Against the School District Account in the general administration function.

INSURANCE

Property and Casualty Insurance

The West Orange School District recently bid its insurance coverage. The cost for insurance dropped from \$146,100 in 1998-99 to \$109,500 in 1999-00. The costs for all policies came down with the exception of the educators' legal liability policy. The district also bid out for third party administration of its self-insured workers' compensation program. This saved an additional \$7,000. The district is also pleased with its new levels of service for workers' compensation third-party administration.

The district's third party administrator is conducting a safety review of the district in conjunction with its maintenance supervisor. In addition, the district is conducting a self-evaluation of risk in the district. One of the joint insurance funds in the state has made available to the review team a copy of the fund's self-evaluation form for distribution to districts wishing to evaluate their levels of risk. The review team recommends that the West Orange Schools perform the self-evaluation and then review it with their third party administrator.

Recommendation:

The district should take both the third party administrator's report and the self-evaluation as steps necessary to reduce risk. While the district has been fortunate in not having a significant problem in recent years, adequate risk management programs center on safe work practices and vigilant attempts at mitigating risk.

There are two ways a district can save money in the property and casualty insurance market; one is to shop and the other is to reduce risk. West Orange is attempting to do both. The review team believes that the district can improve its savings by working on both. If the district and its broker were to shop for coverage not only in the excess and traditional insurance marketplace, but also to expand its potential marketplace to include joint insurance funds and pooled insurance plans, the district could possibly save even more money than has been already saved.

Recommendation:

The district and broker should investigate all avenues of managing risk for the district. The district should take into account not only premium levels and coverage levels but also past practices for rebates and investment dividends.

Also, the district can change the nature of its relationship with its broker to a paid risk manager. This would ensure that the risk manager is seeking the lowest cost for the best coverage regardless of which risk management vehicle the district selects. A written contract could be drawn between the district and the risk manager detailing fees and the corresponding requirements of both parties. The insurance products that are subsequently purchased could be commissionless. This has been done in other districts for health insurance as well as property and casualty insurance.

Recommendation:

The district should consider entering into a contract with an insurance broker as a risk manager and entering into insurance contracts without commission.

FACILITIES & OPERATIONS

Overview

The West Orange instructional facilities consist of approximately 651,372 square feet of space in 10 schools and one administrative facility. The general observed conditions of the facilities are good to excellent.

School Facility Profile			
	Grades	Enrollment (1997-98)	Square Footage
Gregory	K-5	449	44,417
Hazel Avenue	K-5	313	32,512
Mt. Pleasant	K-5	304	35,659
Pleasantdale	K-5	316	52,198
Redwood	K-5	401	33,386
St. Cloud	K-5	341	40,609
Washington	K-5	400	41,136
Edison Middle	6-8	513	54,770
Roosevelt Middle	6-8	623	78,360
High School	9-12	1,466	203,024
Administration Building			35,301
TOTAL		5,126	651,372

Custodial Staffing

To identify potential cost savings, the review team analyzed custodial staffing needs using a quantitative, multi-step process based upon the size and use of the facility. The process calls for LGBR to:

- Review any existing district work and time standards for the various cleaning tasks within the school facility.
- Review the custodial negotiated agreements to determine the number of work-hours within a negotiated workday and then reduce the workday by a non-cleaning allowance factor of 25%.
- Obtain floor plans of the facilities and insert task data into the following matrix adopted from “*The Custodial Staffing Guidelines for Educational Facilities*” published by The Association of Higher Education Facilities Officers and “*Good School Maintenance*” published by Illinois Association of School Boards to determine required total cleaning time for each facility.

Typical School Areas	Average Size Sq. Ft.	Cleaning Time in Minutes
Cafeteria	10,000	150
Classrooms	1,200	15
Corridors	1,000	5
Entrances	112	5
Gymnasiums	10,000	45
Laboratories	324	20
Library/Music	15,000	30
Locker Rooms	1,960	25
Offices	1,200	8
Offices With Carpet	1,200	12
Restrooms	150	20
Shops/Art/Home Economics	1,200	30
Stairways	Per Flight	8
Teachers’ Lounges/Café	1,200	20
Auditorium	10,000	150
Multipurpose/Gym/Café	10,000	210
Multipurpose	2,400	40

Note: LGBR utilizes the above time standards for districts that do not maintain work time standards. The average time standard can be adjusted to reflect actual sq. ft. proportional to the standard sq. ft for an activity.

- Divide this total of minutes by the total work minutes available (after adjusting by the non-cleaning allowance).
- The result is the number of staff needed to clean the facility.
- Compare actual and computed employee counts to determine if any staffing adjustments can be recommended.

The review team completed the above analysis for the West Orange School District to determine the staffing required to perform night cleaning and to establish daytime requirements for basic (statutory) boiler maintenance and porter services.

During fiscal year 1998-99, the West Orange School District had 11 head custodians who supervise the custodial staff, provide porter services and perform minor repairs, and 35 custodians providing daily porter services and night (or split-shift) cleaning of the school as follows:

	Head Custodian/Porter Services	Custodians/Cleaning	Total Custodial Staff
Gregory	1	2	3
Hazel Ave	1	2	3
Mt. Pleasant	1	2	3
Pleasantdale	1	2	3
Redwood	1	2	3
St. Cloud	1	2	3
Washington	1	2	3
Edison Middle	1	4	5
Roosevelt Middle	1	4	5
High School	1	13	14
Admin. Building	1	0	1
TOTAL	11	35	46

According to the above analysis, the district is currently under-staffed by four custodians. The district, however, has been able to maintain appropriate cleaning due to creative overlapping shifts and consistent utilization of part-time and substitute custodians. The district's pay scale for the part-time and substitute custodians is \$6.50 per hour, which is a cost-effective way to address daily absenteeism, and custodians absent due to long term medical leave. Generally, West Orange's facilities are old and used to capacity, resulting in high cleaning and maintenance demands.

The present staffing is maintaining the cleaning needs of the district and the district is commended for effective allocation of custodial staff.

Cost of Operations

The review process for identifying potential cost savings within the school district consists of the following:

- Perform a square footage analysis for the district and compare the cost per square foot against regional benchmarks and other school districts reviewed by Local Government Budget Review teams. (For regional benchmarking, the review team utilizes the *American School and University [ASU]*, a national publication for facilities, purchasing and business administration. The ASU performs annual maintenance and operations surveys of school

districts around the country. It provides reports on the cost to operate schools [including, but not limited to, payroll, outside contract labor, gas, electricity, heating fuel, equipment and supplies] on a regional level. Region 2 includes New York and New Jersey).

- Identify and analyze budget lines and accounts that appear to be high in relationship to regional benchmarks and/or other districts.
- Provide areas for cost savings based upon “best practices” (programs and/or efficiencies identified in other school districts or municipalities that may be applicable in West Orange).

The following table summarizes the West Orange School District’s cleaning, maintenance, grounds and utility costs per square foot for the 1998-99 school year:

Category	Expense (\$)	Expense (\$)	Expense (\$)
	West Orange	West Orange	OCT 98 ASU
CLEANING			
Salaries	1,704,726	2.62	1.70
Overtime	58,455	0.09	
Supplies	86,404	0.13	
Subtotal – Cleaning	1,849,585	2.84	1.70
MAINTENANCE			
Salaries	757,888	1.16	.41
Overtime	37,427	0.06	
Supplies	133,992	0.21	.20
Contracts	743,066	1.14	.33
Miscellaneous	34,709	0.05	
Subtotal – Maintenance	1,707,082	2.62	.94
Total Cleaning and Maintenance	3,556,667	5.46	2.64

GROUPS			
Salaries			.21
Overtime			
Supplies			.09
Contracts	22,108	0.03	
Subtotal - Grounds	22,108	0.03	.30
UTILITIES			
Natural Gas	197,675	0.30	.31
Electricity	436,847	0.67	.68
Water/Sewer	46,444	0.07	.23
Other Fuel			.24
Subtotal - Utilities	680,966	1.05	1.46
Total Maintenance and Operations	4,332,259	6.54	4.40
INSURANCE	113,825	0.17	.12
GRAND TOTAL	4,436,084	6.71	4.52

Source: 1998-99 Comprehensive Annual Financial Report (CAFR)

Based upon the cost per square foot analysis, a detailed review was performed on the following areas:

Cleaning Salaries

A detailed review of the \$1,704,726 salary expenditures for custodial salaries indicates that \$55,044 was due to security being reported within the facility operation's budget, \$28,500 due to longevity pay, \$38,037 due to annual stipends for obtaining a New Jersey Fireman's License, and \$52,349 for substitute custodians. For analysis purposes the security expenditure was removed which reduced the sq. ft. cost from \$2.62 to \$2.53. The adjusted square foot cost (\$2.53) is higher than the AS&U's benchmark as well as other school districts reviewed by Local Government Budget Review teams. Typically, this is the result of either excessive staffing, negotiated salaries which are higher than the average wage rates in their region, costly terms and conditions in labor contracts, and/or a combination of these factors.

Based on the earlier staffing analysis, which indicated the level of staff was effective and efficient, LGBR has determined that the primary reasons for the high costs are a combination of high negotiated salaries and costly terms and conditions within the labor contract. The average base salary (which includes longevity and annual stipends but not overtime) for a custodian is \$31,000 and for the head custodian is \$43,200, which equates to \$14.90 and \$20.77 per hour, respectively. When the district's hourly rates are compared against the regional average/mean (see table below), the results indicate that West Orange School District is paying \$1.67 per hour for head custodians and \$5.10 per hour for custodians above the regional means.

Title	West Orange Average Rate FY 98-99	West Orange Average Rate FY 98-99 Without Stipends and Longevity	Regional Mean 1998	Regional Middle 50% 1998
Head Custodian	\$20.77	\$20.00	\$19.10	\$16.70 – 22.00
Custodian	\$14.90	\$14.51	\$9.80	\$6.50 – 12.30

Note: The New Jersey Department of Labor reports the regional data by counties in the 1998 Occupational Employment Statistics Wage Survey. West Orange is in the Essex, Morris, Sussex, Union and Warren county area. LGBR compares the custodian title to that of a janitor and the head custodian title to the stationary engineer.

While LBGR acknowledges that the regional mean may seem low because it considers private as well as public entities and that the West Orange District, a public entity, utilizes a negotiated labor contract with costs which are higher than the regional mean, it still finds that the overall West Orange custodial salary cost is high. It must be noted, however, that the district's negotiated cost is consistent with other school districts' negotiated cost in the Essex County region.

The review team also noted that the West Orange District assigns a head custodian to all of its facilities. It is the position of LGBR that the district does not necessarily need a head custodian in every location and that the title of custodian could be used for maintaining the elementary schools, middle schools and the administration building at a savings to the district.

Maintenance Salaries

A detailed review of the expenditures for maintenance salaries indicates that of the total maintenance salary cost of \$757,888, facility administration represents \$167,105. For analysis purposes, the facility administration expenditures were removed and the calculated sq. ft. costs were reduced from \$1.16 to \$.91. When comparing the cost per square foot (91 cents) against regional benchmarks and other school districts reviewed by Local Government Budget Review teams, the cost per square foot for the West Orange District is high.

The following table summarizes the salaries for maintenance for the 1998-99 school year. Benchmark data is included for comparative purposes:

Title	West Orange Average Salary FY 98-99	West Orange Average Rate FY 98-99	West Orange Average Rate FY 98-99 Without Stipends & Longevity	Regional Mean 1998
Maintenance	\$43,300	\$20.82	\$19.83	\$20.00

Note: The regional rate is computed by averaging the hourly rate for carpenters (\$20.10), electricians (\$23.50) and painters (\$16.40). The New Jersey Department of Personnel reports the regional data by counties in the 1998 Occupational Employment Statistics Wage Survey.

Based on the above analysis, which indicated that the average hourly rate is comparable with the regional mean, LGBR has determined that the primary reason for high cost is the staffing level. A review of the staff, which included interviews with facilities management and an analysis of contracted services, demonstrated that the staffing level was the result of facilities management's preference towards performing major repairs, capital projects, renovations, etc., with in-house personnel. Therefore, LGBR concludes that the facility maintenance staffing is not excessive and that any staffing adjustment should be a factor of identified work orders and the future needs of the district.

Facility Administration

The team also reviewed the administrative cost associated with the West Orange facilities. Due to the cost of the administration, and the need to have some form of contract administration/internal controls for in-house and/or contracted work, the review team determined that the administration cost is reasonable and it would continue.

Note: In fiscal year 1999-00, the facility administrative staff was increased by one. A head custodian is now being utilized as a night quality control inspector to ensure night cleaning is meeting the needs of the district.

Based on the analysis for custodial expenditures, the prevalent cost drivers of facilities are the terms and conditions contained in the negotiated labor contract. By outsourcing the custodial services, cleaning and minor repairs, the district could potentially reduce its labor and benefit costs (benefits are calculated for this review at 33% of direct labor cost), as well as eliminate all custodial negotiated overhead (longevity and stipends) while maintaining its present maintenance staff performing major repairs, renovation and capital projects.

Recommendation:

LGBR recommends that the district perform a needs assessment and develop the scope of custodial services for possible contracting to the private sector. This will provide the basis to allow the district to solicit information from various potential contractors, which would allow for a more accurate “market value” cost in order to compare against present in-house expenditures.

The district should investigate contracting out all school custodial services, which includes minor repairs. Based upon regional wage labor standards, past reviews and discussions with various contractors, the review team estimates that a private contractor could save the West Orange District \$0.70 per square foot for a full service contract for a district this size.

Potential Cost Savings: \$200,000

Maintenance Contracts

A detailed review of the expenditures for maintenance contracts indicates that West Orange spent a total of \$743,066. This included \$174,976 for district-wide equipment repairs (for example, copiers, fax machines, computers) and \$186,302 for a garage rental for pupil transportation. These expenditures are required to be reported under the facilities budget but are not analyzed as facility expenditures and are removed for review purposes. Identified concerns about the garage rental payments are discussed in more detail in the “Vehicle Maintenance and Repair” and “Pupil Transportation” sections of this report.

With the removal of non-facility related expenditures, the adjusted square foot cost for contracts is \$0.59. The analysis indicates that contract costs are not significantly high when compared to the AS&U’s benchmark. The analysis also shows that facilities management is effectively utilizing its operating budget to meet the needs of the district and that potential cost savings, in the contract budget lines, are more related to the purchasing function instead of management intervention.

The facilities management administration and staff are commended for controlling all non-personnel costs assigned to facilities.

Other Issues - Work Order System

The district maintains a work order system that allows facilities management to record, track and report on all open and closed work orders. The district also reported that it is seeking an integrated work order system for district-wide use. LGBR commends the district for maintaining a work order system.

LGBR suggests that upgrading the present spreadsheet format to a relational database format will enhance the existing work order system. This will enable facilities management to automatically track labor, material and man-hours to the work order, allowing for better tracking, scheduling and management of resources.

Recommendation:

LGBR recommends that the district consider purchasing and implementing a relational database work order system or develop its existing database work order system. The district could develop an internal system using a database program on its existing software with associated training for district staff. The selected option should consider long-term goals and objectives of facilities.

PERSONNEL**Health Benefits**

The school district offers its employees a full complement of health related benefits at no cost to the employee. The health plan is estimated to cost \$3,297,000 in 1999-00. The prescription plan is estimated to cost \$1,013,000 in 1999-00. The dental plan is estimated to cost \$709,000 in 1999-00. The West Orange District pays an estimated \$5,019,000 for employee health care.

The district plan provides for either single or family coverage. Through a preferred provider plan design, employees can go out of network and pay a co-insurance charge of 20%. This was negotiated in 1998 from a traditional indemnity plan design as the benchmark plan. The broker and district attempted to curtail costs by going to a plan that not only was less expensive, but also could provide for better cost-containment in the future. The plan had a 7% increase in costs in November, 1999. The rate cap in July, 2000 is 11%.

The prescription plan was also redesigned in the 1998 negotiations in hopes of cost containment. The district went from a \$4 co-pay to a \$2/\$2/\$5 co-pay for generic/mail-order/and brand name medications. This was increased 6% from 1998-99 rates and is due to change in July, 2000.

The dental plan is based either upon a composite rate of \$91.49 per month for full-time employees or a single-only rate of \$18.02 for permanent part-time employees. The rates were level from 1998-99 to 1999-00. They are due to change in July, 2000.

Health Plan Comparison

Local Government Budget Review conducted an analysis of the district's existing health care plan and prescription plan compared to the state's plan in order to determine the cost effectiveness of the benefits of each. The plan was compared to the state's health care plan for education employers using 1999-00 rates. The review team uses the most current data for health care because of its impact on school budgets and the volatile nature of costs in this area. The district's plan costs were based upon 189 single and 457 family coverages and the rates were modified to reflect the 7% premium increase in November, 1999.

The team separated the 457 family component into husband/wife (144), family (250), and parent/child (63) using statewide averages for education employers. Then the plan was compared to statewide average enrollments for traditional plan, point of service and HMO coverage. The comparison showed that the district could save an estimated \$283,000 by

switching to the state's health benefits plan. A money saving option for the district would be to consider switching back to the state's plan. However the district can still remain competitive by negotiating savings with its collective negotiations partners through plan design changes.

TRANSPORTATION

Overview

Pupil transportation is governed by New Jersey Statute 18A:39-1 through 25. Elementary school pupils who live more than two miles from their public school, or secondary school pupils who live more than two and a half miles from their public school are entitled to transportation to and from school. In addition, students attending a remote school other than a public school, operated not for profit, located not more than 20 miles from the pupil's residence, shall be provided transportation within the requirements in the New Jersey Administrative Code, Title 6:21-2.1 through 2.7. New Jersey Statutes restrict the cost of non-public transportation to a stated yearly amount (1997-98, \$675/1998-99, \$702), not to be exceeded in route costs. If transportation can not be provided for this amount or less, parents are to be reimbursed for the stated amount.

The West Orange School District transportation department has been undergoing almost yearly changes in an attempt to save taxpayers dollars for pupil transportation. Prior to 1996, the district leased a fleet of 72 buses. The district went out to bid for the 1996-97 through 1998-99 school years and contracted the majority of their routes. The district was dissatisfied with the service and in the 1997-98 school year, the contract was terminated.

Although privatized, the district retained leased vehicles and drivers on a smaller scale. In the 1998-99 school year, 14 vehicles were leased and 13 full and part-time drivers, six monitors, two secretaries and a coordinator were on the district staff. Primary transportation for the district was contracted through two educational services commissions and a cooperative agency.

Transportation To and From School

According to the district's records, the chart below shows students who were eligible for transportation by satisfying the mileage requirement, receiving aid in lieu of transportation or transported to special education programs:

Eligible for Transportation	October 15, 1998	October 15, 1997	Increase
Public School Students	1,504	1,357	147
Nonpublic School Students	584	493	91
Nonpublic Aid in Lieu Transportation	327	390	-63
Special Education Students	250.5	235.5	15
Totals	2,665.5	2,475.5	190

In addition, the district transports 1,000 students who are ineligible for transportation according to state guidelines but are eligible according to the district's policy of transporting public and non-public school students who live along hazardous routes. The count of students was obtained from the District Report of Transported Students (DRTRS).

Based on the independent auditor's reports for the last three years, the total transportation related expenses were as follows:

1997-98	\$4,279,160
1998-99	\$4,328,537
1999-00	\$3,619,676

Special Education students, who do not reside remote from school, are only transported when this need is indicated in the student's Individual Educational Plan (IEP). Students attending the Hazel and Washington Schools are not eligible for transportation. Due to overcrowding in certain schools, many students have been redistricted and are bused to district schools in areas out of their neighborhoods. Also, students living along hazardous routes are included on the bus routes.

District Operations

Historically, the WOBOE leased buses and vans for a period of four years. The cost to lease 11 buses in the 1997-98 school year was \$83,259, and in the 1998-99 school year it was expected to be approximately \$120,000 with the addition of three vehicles. While these vehicles are acquired under a lease/purchase agreement, the district turned the vehicles back to the company after four years and received new buses and vans. This practice kept maintenance costs down, and the vendor offered good prices based on the condition of the vehicles at the end of the four-year period.

Beginning in the 1999-00 school year, however, this practice will be discontinued and vehicles will be bid and purchased outright.

The vehicles are used for several purposes. Students are transported to special education programs in the high school, the middle schools, the elementary schools and the half-day preschool handicapped program at the Pleasantdale School, as well as to several out-of-district special education programs. The vehicles are also utilized to transport students to work-study programs, for late runs from the high school, athletic and field trips, delivery of mail within the school district and delivery of lunches to schools where lunchroom facilities are not available.

In March of 1999, the work assignments for district bus drivers were provided to the team. An examination of these work assignments indicated that the full-time drivers were given duties not related to pupil transportation to fill in an eight-hour day.

Transportation needs other than to and from school, specifically late runs from the high school and athletic and field trips, cause excessive overtime to be paid to the district bus drivers. In addition, the drivers are assigned to wash vehicles, open and close the garage, weekend security work, etc. Each of the 10 regular bus drivers averages \$20,000 per year in overtime.

Recommendations:

LGBR recommends that competitive bids be solicited for athletic trips at the beginning of each sports season from vendors in the area. Team interviews with contractors indicated an interest in providing these services and that there may be a reduction in cost over the current practice of paying overtime to district drivers. In addition, quotes should be solicited for all charter trips. A conscious effort should be made to eliminate all but necessary overtime.

Given the nationwide shortage of licensed school bus drivers, it is the recommendation of LGBR that all non-transportation duties be reassigned to maintenance or custodial personnel, allowing the transportation supervisor increased flexibility in scheduling.

LGBR recommends that the hours and vehicle usage assigned for the purpose of lunch deliveries be charged to the Enterprise Fund and that this task be assigned to a non-CDL driver.

Cost Savings: \$9,920

LGBR recommends that the assignment of bathroom duty to a bus driver in the afternoon be reassigned to custodial staff, and that the two and one half-hours be allotted for late bus assignment and athletic work.

Cost Savings: \$13,440

The team commends the West Orange District for the rescheduling of late runs. The elimination of late buses on Friday, along with the reduction in daily runs from the high school from four to three, was a realistic start to cost cutting in this area.

LGBR recommends that the district continue to monitor the usage of the current late buses and reassess on a regular basis the number required to assure the safety of the students.

Privatization

An efficiency model for pupil transportation includes many facets, however none is as important as the strategic “tiering” of runs. When runs are combined or tiered, each vehicle is assigned to a group of runs, thereby utilizing the vehicle for as many hours during the day as possible. The basic principle is:

Yearly vehicle costs, i.e., lease or amortized cost, repair parts and labor, and insurance expenses, are stable, regardless of how many trips the vehicle is assigned to take during the year. (Excluding fuel, driver salaries, benefits, etc.)

When these operational costs are applied to Vehicle A for Year 1 at \$15,000 and that vehicle is assigned to only an elementary school run throughout the year, then the operational costs for that run would be \$15,000. The same vehicle assigned to a high school, middle school and an elementary school run in the AM and PM produces a per run cost of \$5,000 or \$15,000 divided by three.

Initiating privatization in the West Orange district should have saved a considerable amount of taxpayer dollars. However, a comparison of actual expenditures in transportation for the 1996-97 (pre-privatization) and 1997-98 (post-privatization) school years shows only a \$49,377 decrease. An examination of the route specifications utilized to solicit bids for the privatization indicates that all of the bus runs were designated as separate runs with no attempt to tier.

The proposal from the Hunterdon County Educational Services Commission for the 1998-99 school year was prepared utilizing these same specifications. Each of the runs was bid separately. Budgeted expenditures for the 1998-99 school year, based on this proposal, were \$101,803 higher than the previous year. Following the guidelines established in the WOBOE specifications, the commission proposal included rental of a local garage, with all expenses for lease and taxes billed back to the district.

Analyzing the bell schedules and vehicle usage reported on the 1998-99 DRTRS verifies that a more efficient system allowing for the realization of greater savings can be established in the district.

The route specifications were also found to include excessive administrative requirements that increase the contractor's cost and therefore the cost of the route package. While tight specifications are necessary to retain control and ensure proper safety practices, requiring monthly reports, lists of drivers at bid opening, providing standby drivers and buses for "paper" overloads, are unnecessary and costly.

Bulk bidding or specifying that the contractor bid on all routes in the package, has become a popular practice with many school districts. With a single contractor, district personnel have only one contact for calendar changes, snow closings, etc. When a problem develops on a route, there is no need to check and see which contractor is assigned to that route. Requiring a bulk bid eliminates competition and can increase costs. Interviews with several of the smaller contractors in the area supported the team's view that there was interest in bidding in West Orange, but that none of the smaller companies were in a position to bid the entire package.

Recommendations:

LGBR recommends that the district reopen negotiations with the Hunterdon County Educational Services Commission (HCESC) to lower transportation costs for the district by tiering bus runs as outlined by LGBR. If these negotiations are unsuccessful, LGBR recommends that the district re-bid the routes currently contracted with HCESC, with the following changes in bidding procedures:

That the specifications be rewritten, eliminating unnecessary administrative services required of the contractors.

That the routes be tiered, and each tier offered as a package, i.e., a high school run, a middle school run, and an elementary run tiered as Package WO1, and that the requirement for a bulk bid be eliminated.

That late runs be added to the packages to eliminate a portion of the over-time paid to district bus drivers.

That the anticipated routes be bid in February to allow contractors to plan for equipment purchases and driver needs.

That the requirement for a local garage be eliminated.

Potential Cost Savings: \$682,860

Route Efficiency

In 1998-99, the district contracted with two educational services commissions and a cooperative to transport the majority of public school students, special education students, non-public routes and late runs from the high school. The Hunterdon Educational Services Commission transported 2,607 public school students in twenty-six 54 - passenger buses and thirteen 12-passenger vans.

Contracted routes for special education students are contracted with Essex County Educational Services Commission, Hunterdon County Educational Services Commission and Sussex County Regional Cooperative. During the 1998-99 school year, 132 students were being transported through these agencies at a cost of \$848,420. Costs for several of these routes were extremely high, from \$21,000 to \$37,890 per student.

The utilization of commissions and cooperatives is recommended as a source of efficiencies. Specializing in combining the needs of several districts into cost-effective routes, their role in pupil transportation in the state has grown.

However, just as privatization should not be viewed as a quick fix for all district transportation problems, cooperative services are not always the most cost-effective method for attaining transportation routes. In order for both of these to be effective, care must be taken in both the presentation of the information and supervision of the final product.

Recommendation:

LGBR recommends that the district transportation coordinator review all routes coordinated through ESC's and cooperatives to assure that the bidding was competitive, and that all options for efficiency were explored.

In reviewing the district's records and the students assigned to the vehicles, there were many buses that appeared to be under-utilized. Ten of the routes servicing the high school were found to have student assignments of less than 80% of capacity.

Recommendation:

LGBR recommends that before the routes are re-bid, all current runs be examined and emphasis placed on combining those that are under-utilized.

Non-Public Transportation

As required by the rules and regulations of the state, the district receives applications for transportation to nonpublic schools prior to the beginning of the school year. Prior to the 1997-98 school year, the district took the applications, developed bus routes and specifications and advertised for bids. Students who could not be accommodated by bus routes were placed on the list to receive aid in lieu of transportation (AIL1).

During the 1997-98 school year, the district paid \$675 per student in lieu of providing transportation at a cost to the district of \$253,981. At the start of the 1998-99 school year, 327 students were eligible to receive aid in lieu of transportation. The rate of reimbursement for the 1998-99 school year was \$702 per student.

Under legislation enacted prior to the 1997-98 school year, it was strongly suggested that districts paying aid in lieu to parents of non-public students submit the applications to a cooperative agency, i.e., an educational services commission or LEA district. The function of these agencies would be to combine the needs of several districts in the area of non-public transportation to provide additional transportation. The impetus behind this legislation was to lower the costs of private school transportation by reducing the number of parents being paid aid in lieu, and to answer the many complaints from private school administrators who believed that efforts were not being made to transport their students.

West Orange accepted a proposal from the Sussex County Regional Cooperative for non-public transportation services for school years 1997-98 and 1998-99. The cooperative receives a fee of 2% of the bus-contracted cost and, during this period, prepared a list of aid in lieu of payment recipients. The cooperative did not charge an additional fee for preparation of this list. Effective July 1, 1999, the cooperative will no longer have an involvement in non-public reimbursement, and will limit their services to transportation.

The New Jersey Administrative Code and the New Jersey State Statutes governing non-public transportation are very specific in their requirements. Upon receipt of an Application for Private School Transportation, a district must provide transportation if both the student and the private school meet the requirements stated, and the total cost of the transportation does not exceed the allowable amount designated for that school year.

Reports received from the West Orange Board of Education and the Sussex County Regional Cooperative indicated that during the 1997-98 and 1998-99 school years, non-public route contracts were allowed to continue at higher than acceptable costs. The explanation given to LGBR was that the number of applications received during the bidding or renewal process were acceptable, but the numbers decreased during the first two months of school. This created a situation where the cost per student increased above the allowable figure of \$675 for 1997-98 and \$702 for 1998-99.

Recommendation:

LGBR recommends that non-public route costs be monitored closely, and if ridership drops, negotiations be undertaken with the contractor to lower the route costs according to the adjustment provision of the bid.

Due to the nationwide driver shortage, it has become increasingly difficult to obtain bids from contractors for non-public routes. This is due in part to the calendar and school day differences inherent in parochial and private schools. These differences make utilizing the vehicle for other purposes during the morning or afternoon impossible, thereby raising the costs, sometimes to an unacceptable level. In the 1998-99 school year, 327 students were reported as reimbursed for aid in lieu of transportation on the October 15, 1998 report. Of these 327 students, 143 attended three non-public schools, Our Lady of the Lake, Montclair Kimberly Academy, and Mount Saint Dominic Academy.

Recommendation:

LGBR recommends that the district explore the possibility of utilizing in-house drivers and vehicles to transport non-public students to and from several of the non-public schools where enrollment is up, but there have been no bidders, and offer the in-house work to the private contractors. It is recommended that this be researched by compiling a bid specification early in February and analyzing the bids received versus district costs for the same services. Exploring various combinations of packages for both in-house and contracted routes may produce savings and additional transportation for non-public students.

The West Orange School District is to be commended for the initiation of a Joint Transportation Agreement with the Livingston School District to transport students to the Frisch School in Paramus.

Recommendation:

The team recommends that other jointure opportunities be explored to reduce the number of students being paid aid in lieu of transportation.

Courtesy Busing

The district has a policy that governs the provision of courtesy busing for students who travel along hazardous highways or where there are no sidewalks and for pupils who live along routes the district deems hazardous. The district provides courtesy busing for non-public school students in addition to its public school students.

Legislation permits courtesy busing but does not fund it. However, subscription busing is permitted; families are charged for the privilege of being transported if they are not eligible under the state mileage restrictions.

During the 1997-98 school year, over 994 pupils were provided with courtesy busing. As of October 15, 1998, the district reported 1,000 students as being provided courtesy busing. Over 951 of the students were bused to the West Orange public schools; 76 students were bused to non-public schools. LGBR realizes that hazardous conditions and areas without sidewalks pose potential dangers to students who walk to and from school; however, providing transportation for less than remote students increases the tax burden on all citizens of the state.

LGBR also recognizes the futility of recommending the abolition of courtesy busing, particularly in an area such as West Orange, where the schools are located within an area with increasingly heavy traffic patterns. Therefore, the team suggests the following:

Recommendation:

LGBR recommends that the district monitor the hazardous areas to determine if there is a continuing need for courtesy busing within the district.

Vehicle Maintenance and Repair

Student Transportation Department

During the 1997-98 school year, local garages were utilized to perform repair services on the district buses. The repair and maintenance expenditures were \$50,295. In 1998, the district entered into a contract with the Hunterdon Educational Services Commission (HCESC) to service the district's leased buses and vans when the mechanics are available. The charge to service and complete the safety checklist is \$150 per 54 passenger bus and \$85 per 16-passenger van. Quarterly safety inspection preparation cost is \$55 and other servicing is \$55 per hour plus parts. As the mechanic is not always available, the buses and vans are also repaired at local garages.

Fuel

Diesel fuel for the district's buses and vans is purchased through a shared services agreement with the municipality. Each year the municipality goes out to bid. The municipality bills the district for usage. The municipality has been charging the district \$.8025 per gallon of diesel fuel. In the 1997-98 school year, the district used 15,890 gallons of fuel for the buses and vans. In checking with the municipality, it was found that the cost for diesel fuel was \$.5879. The district was being billed \$.2146 more per gallon than the municipality was paying. When the district provided the municipality with the information supplied by LGBR, the municipality agreed to refund the district for the current year's difference.

Garaging

When the district's bus transportation was initially privatized, National Bus Service leased a garage in West Orange and charged the district a percentage of the cost. Currently, HCESC leases the garage and pays taxes at a total cost of \$187,000 and the district reimburses HCESC for this expense. The district prefers to have the buses housed in West Orange. The district feels that the hilly terrain of West Orange would prevent buses from arriving on time during inclement

weather if the buses were garaged out of town. The team does not agree that the district needs to have contracted buses housed in the township. A bus storage facility in a nearby town would be sufficient to enable contractors or HCESC to have buses readily available for use.

The district stores 14 vehicles at the garage site. Several of the vehicles are left outside in unsecured areas, while the HCESC vehicles are housed inside of the building.

Maintenance Department

The maintenance department has 10 vehicles for buildings and grounds use. The vehicle age ranges from 1981 to 1994. Two maintenance workers have mechanical experience and are able to do preventative maintenance and repairs. Local vendors do repairs that the district is unable to do. Hourly rates for repairs by outside vendors average \$55. The board of education has plans to sell one of its older vehicles and has budgeted for its replacement in the 1999-00 school year. The vehicles are parked overnight in the administrative parking lot.

Vehicle maintenance and storage in the West Orange district should be considered as one problem, not one issue for buildings and grounds and a separate one for transportation. At the present time, both departments are utilizing private garages and part-time help in an effort to maintain equipment. However, there does not appear to be any cooperation between the two departments.

Recommendations:

LGBR recommends that the school district begin an exploration of shared services with the municipality for maintenance and repair of all school owned vehicles. This would enable savings and/or benefits in the following areas:

The use of the municipal Central Garage would provide a secured area to park all vehicles. At the present time, both the municipality and the school district pay overtime to staff for weekend and after-hours security. Costs for this service would be reduced by two-thirds.

Cost Savings: \$15,000

Both the maintenance and transportation departments utilize district staff and outside vendors to repair and maintain vehicles. The transportation department also utilizes the Hunterdon County ESC mechanics when available. The municipal garage has sufficient staff to handle the additional 24 vehicles, thus saving labor costs for the district. In transportation, the majority of the costs for pre-inspection and quarterly inspection are labor.

Cost Savings: \$33,000

The personnel currently assigned to vehicle repair from the maintenance department can be utilized to perform regular maintenance duties. The transportation mechanic/bus driver should be reassigned to a full-time dispatcher, allowing him to oversee the

maintenance of the school vehicle to assure compliance, and to also reduce the need for another driver to be used as a dispatcher. Overtime can be reduced for both positions, and additional driving assignments will be realized without additional salaries.

Cost Savings: \$30,000

FOOD SERVICE

A review was conducted of the district's food service program. The review included interviews with personnel, visits to the school cafeterias, and review and analysis of various documents. The district participates in the National School Lunch Program. The district does not serve breakfast.

According to the Generally Accepted Accounting Principles (GAAP), if a district receives state and/or federal reimbursement for food service costs or collects fees from students for the cost of meals, the entire food service operation must be recorded in an enterprise fund. The West Orange Board of Education records the operation appropriately. The Enterprise Fund is an account that is similar to a private business enterprise. The costs of providing goods and services are financed through user charges. In some districts, the board of education subsidizes the school lunch program. In the 1997-98 school year, the West Orange school district appropriated \$10,000 for the school lunch program.

The school district may contract with a non-profit school food service to manage its lunch program. The district's lunch program has been privatized for over 20 years. As per statute, the district solicits bids every three years. The district may renew the contract annually. The food-service company charges a management fee for services. In addition, the company charges the school district for costs incurred such as salaries of the cafeteria staff, benefits, supplies, and food.

The management fee in the 1998-99 school year was \$.065 per meal plus meal equivalents (a la carte items). The management fee paid in the 1997-98 school year was \$.063 per meal, or \$35,351. The contract limits salaries of cafeteria staff to \$446,587. The total paid for food-service salaries was \$432,372. A projection of revenues and costs are submitted when the district receives the bid. However, the food-service company does not provide any guarantees that the profit will be attained or a guarantee against loss. Specifically, the company projected a profit of \$8,599. If the district does not achieve that profit or suffers a loss, the company does not adjust its fee. The district suffered a loss of \$595 at the end of June. It should be noted that the company projects a profit before district expenses such as audit fee, repairs and maintenance, and depreciation are added to the total expenses.

The district has seven production kitchens. The kitchens are located at the high school, two middle schools, and four elementary schools. One of the elementary schools satellites cold lunches to the Hazel School and the Gregory School. The Washington School receives hot lunches from the high school. The Washington School has the capability of heating food in a

convection oven and serving from a warming table. Hazel and Gregory Schools do not have facilities to heat lunches; hence, they receive cold lunches daily and pizza is delivered once a month.

Students have the option of purchasing a lunch or bringing a bagged lunch. No students in the district are allowed out of the building during their lunch period. During the 1997-98 school year, the district charged the students \$1.65 per lunch in the elementary school, \$1.70 in the middle schools, and \$1.75 in the high school. Staff members may purchase a school lunch for \$2.15. During the 1997-98-school year, a total of 536,973 meals were served of which 351,475 were reimbursable meals, and 185,498 non-reimbursable meals. Non-reimbursable meals are meals purchased by staff members and a la carte items.

The team conducted a cost analysis for the district. The following table illustrates the district's expense versus the income and its comparison with the New Jersey market.

Food Service Cost vs. Income

	Expenses	District Rate	Market Ranges	Over (Under)Market
Payroll	\$467,723	45%	40%-45%	0%-5%
Food Costs	\$491,065	46%	39%-45%	1%-7%
Supplies & Materials	\$55,439	5%	4% - 5%	0%-1%
Miscellaneous	\$45,024	4%	.1½% - .2%	3.9%
Total Expenses	\$1,059,251	100%		
Total Income	\$1,058,656			

This analysis, based on data provided by a New Jersey service company indicates that miscellaneous expenses were over the market range. Therefore, in reviewing the records, the miscellaneous expenses, which included depreciation, repairs and maintenance, were more costly than the previous year. The repair of major kitchen equipment was the reason the district exceeded the market range in the 1997-98 school year.

Each school has its own method of scheduling lunches. The high school has four lunch periods with 23 minutes between each for cleaning tables and floors. Most of the schools have three lunch periods. One of the elementary schools has two lunch periods.

The district employs aides to assist the students in the dining area in all the schools except in the high school. In the high school, teachers, the Dean of Students, and security guards are assigned to monitor the lunchroom at no additional cost to the district. The Mt. Pleasant School has several volunteer lunch aides. Volunteers could be utilized in other schools in the district.

The responsibilities of the lunch aides include monitoring student behavior and assisting the younger students. There were 38 aides employed in the 1997-98 school year. Each lunch aide works two hours per day. The aides do not receive benefits. The hourly rate of pay in the 1997-98 school year was \$9.50 regardless of how long the aides had been employed. All aides were each given a \$.50 increase in the 1998-99 school year. The lunch aide salaries were properly

charged in the general fund, function 260, Operation and Maintenance of Plant. The total cost for 38 lunchroom aides at \$9.50 per hour, 2 hours per day, 165 days per year equates to \$119,130.

The following table illustrates the actual profit and loss for the food service program, according to the Comprehensive Annual Financial Report for the past two years:

	1997-98	1996-97
Operating Revenues:		
Daily Sales	\$724,050	\$666,321
Total Operating Revenue	\$724,050	\$666,321
Non-Operating Revenues:		
State School Lunch Program	\$21,630	\$19,775
National School Lunch Program	\$264,419	\$220,428
USDA Commodities	\$48,557	\$47,581
Total Non-Operating Revenues	\$334,606	\$287,784
Total Income	\$1,058,656	\$954,105
Expenses:		
Food	\$491,065	\$460,556
Salaries	\$432,372	\$389,347
Supplies	\$55,439	\$43,189
Management/Administrative	\$35,351	\$32,145
Depreciation	\$12,323	\$6,602
Repairs and Maintenance	\$19,643	\$11,031
Audit Fee	\$3,500	\$3,500
Other Expenses	\$9,558	\$19,991
Loss from Disposal of Fixed Assets	\$0	\$920
Total Operating Expenses	\$1,059,251	\$967,281
Net Income	(\$595)	(\$13,176)

Recommendations:

LGBR recommends that the district not subsidize the school lunch program. By implementing the various cost saving approaches identified, the district could eliminate this expense.

Cost Savings: \$10,000

The district should require a clause in the contract by which the food-service company guarantees its projection. For example, if the district does not achieve the company's projection, the company could deduct the difference from its management fee.

LGBR recommends that the district formulate a salary guide for its lunchroom aides to reflect differential wages based on time of service. At present, there is only one hourly rate with all employees at the top.

LGBR recommends that the district increase its meal prices to or close to the state's maximum levels. Currently, the maximum lunch prices allowed by the state lunch prices and West Orange lunch prices are as follows:

	Maximum Prices Allowed	West Orange Lunch Prices	Recommended Lunch Prices (10 cent increase)
Elementary school students	\$1.85	\$1.65	\$1.75
Middle school students	\$2.00	\$1.70	\$1.80
High school students	\$2.25	\$1.75	\$1.85

By increasing the lunch prices, the lunch prices would continue to be reasonable and the district can realize additional funds to cover needed expenditures. The district could plan a five-cent per year increase over the next two years. Based on the paid lunch count of the 1997-98 reports, each five-cent increase would save the district \$11,295, ten cents being \$22,590.

Revenue Enhancement: \$22,590

LGBR recommends that more volunteers be used to further cut costs. Use of volunteers could decrease the number of lunch aides needed. Using the hourly rate of \$9.50, a lunchroom aide is being paid approximately \$3,135 annually. If the district could decrease the number of aides from 38 to 34 in the elementary schools, employing no more than four or five aides in each school, the savings would calculate to \$12,540.

Cost Savings: \$12,540

III. COLLECTIVE BARGAINING ISSUES

An area that frequently presents significant opportunities for savings is negotiated contracts. While they represent opportunities for savings, the savings and contract improvements are most likely to occur incrementally through a well-conceived process of redeveloping compensation packages to be equitable and comprehensive. For this reason we present those issues subject to collective bargaining agreements separately in this section.

The West Orange School District currently has three collective bargaining agreements with three different unions. These have contracts that extend over a three-year period. The contracts with the Administrators' Association of the West Orange Public School (AAWO) and International Union of Operating Engineers (IUOE) had durations of three years from July 1, 1996 through June 30, 1999. The West Orange Education Association (WOEA) has duration of three years from July 1, 1998 through July 31, 2001. Employees represented by the AAWO and IUOE include school administrators, principals and assistant principals, department supervisors, custodians/maintenance, head custodians, utility and full-time bus drivers. Employees represented by WOEA include teachers, secretaries, teacher aides, nurses, librarians, guidance counselors, social workers, and psychologists. The board recently has completed contract negotiations with the West Orange Education Association (WOEA) that resulted in cost savings and cost containment. Cost savings from negotiations are from the staff reductions in the central office, change from the traditional insurance plan to a managed care network, a reduction of tuition assistance, and an increased prescription co-payment. Negotiations for this agreement resulted in salary increases of 3.45% for the first year, 3.4% for the second and the last year of the contract.

Personal Days

At present, members of the three bargaining associations receive three personal days per year. These are to be taken only when personal emergencies or situations arise. Some potential uses for these personal days include legal matters, observance of religious holidays, etc. Each employee is permitted a certain amount of personal days which can be taken without a stated reason. Also, unused personal days may be converted to an employee's accrued sick leave. Upon resignation or retirement, employees may cash in their accumulated sick leave based on the number of years service and the designated pay-out rate stipulated in their contract.

Many New Jersey school districts grant three personal days per year, which seems adequate to cover most personal emergencies or situations and which is also in line with the state employee personnel guidelines. However, the LGBR does not support the additional costs to the taxpayer of the concept of rolling personal time into accumulated sick leave.

Recommendation:

It is recommended that in future negotiations the board seek to eliminate the practice of rolling personal time into accumulated sick leave and that the board require that personal time be used in the year it is earned.

Vacation Allotments

The West Orange Board of Education gives employees covered under the administrators, principals and assistant principals, department supervisors, secretaries (12-month) contracts vacation leave of 22 days per year, no matter what length of service to the district. The principals, directors, assistant principals and supervisory personnel also are entitled to 12 days during winter and spring recesses while the administrators, confidential secretaries and central administrators are entitled to four days winter and spring recesses. These personnel are entitled to in excess of 42 to 50 paid vacation days per year. These vacation leave schedules seem to be excessive and in need of negotiated change.

The other bargaining associations which earn vacation leave, do so according to length of service. They receive 10 days vacation in their first six years of service, 15 days after six years of service, 20 days after 10 years of service and 22 days over 20 years of service. These bargaining units are given an additional 13 paid holidays off each year.

Vacations can not be carried over to the next year without superintendent's approval.

Recommendation:

It is recommended that consistency of vacation leave be provided for recess days requiring all school 12-month employees to use recess days, except for school holidays, as vacation days if they choose not to work. If this were to take place, principals, assistant principals, directors, and supervisors would increase work productivity by at least 10 days per year.

Emergency Absence

Five emergency absence days are permitted for each full-time employee each year. Emergency absence days are supposed to be taken only when there is death or serious illness within the immediate family. The team also reviewed the emergency absence report, which showed that 563 emergency absence days were used by staff members or an average of one day per employee. It should also be noted that each of these bargaining units is given an additional three personal days in addition to vacations. In case of any death or serious illness, they could use personal days or vacation days available for these emergency situations. LGBR does not support the concept of additional emergency absence days.

Recommendation:

The board should eliminate or reduce emergency absence days from the contract through negotiations. This would produce savings on substitute costs for covering absent teachers and increase productivity by full-time employees.

Longevity

The employee group's salary guides provide service increments (longevity payments) that are awarded solely on the basis of years of service.

In West Orange, longevity payments are paid to the varying employee groups at various years of service intervals and in varying amounts. These increase each year of the negotiated contract.

Two hundred forty two teachers and administrators receive longevity payment, in addition to the salary guides. In the 1998-99 school year, the district budgeted a total of \$816,112 for longevity payments. Longevity payments that are not reflected in the guides can also be misleading to the public in making comparisons with other school districts. The following table illustrates the longevity payment for school year 1998-99 for each group's members.

	AAWO	IUOE	WOEA Teachers	WOEA Secretaries
Completion of 14-18 years of service	\$2,075	\$1,300	\$2,510	\$2,180
Completion of 19-23 years of service	\$2,975	\$1,900	\$3,335	\$2,910
Completion of 24-28 years of service	\$3,975	\$2,650	\$3,955	\$3,640
Completion of 29 years of service or over	\$4,975	\$3,300	\$4,680	\$4,365

The LGBR does not support the concept of longevity pay. Salary guides with automatic annual increment raises are in themselves longevity pay. Compensation to an employee should be based on work productivity, not length of service. Employees are already entitled to large increases in pay each year, in that most employees will move vertically on a salary guide and the salary guide amounts increase each year.

Recommendation:

It is recommended that the district negotiate elimination of extra longevity service increments to employees. Employee compensation should be reflected in the salary guide without adding additional categories for reimbursement based on years of service. This recommendation would result in substantial recurring savings each year.

Sick Leave

Staff members are entitled to 10 to 12 sick days with pay, depending on the bargaining unit. Doctor's note is not required for two consecutive sick days. However, for three or more consecutive sick days, the employee must present a doctor's note upon return to work. The district does not have a good computer system to record staff attendance. The team reviewed sick leave records for the entire district for the 1997-98 school year. This revealed a total of 4,133 sick days were used by the district employees, an average of six days per employee.

Recommendation:

The team recommends that the board monitor sick leave closely.

Health Plan Design

The district recently negotiated for a preferred provider plan to be the district's health care plan. The broker was attempting to negotiate a point of service plan design, which would have resulted

in savings of 8% or \$264,000 from their current health care premium of \$3,297,000. This would have kept the health care plan competitive to the state's rates but with a reduced network and possibly higher out-of-network costs.

The district currently has a low out-of-pocket deductible of \$100 for out-of-network expenses. This is capped at \$200. The catastrophic limit is \$2,000 per individual per year, after which the plan pays 100% of expenses. The plan limits this to two individuals per family as well. The co-insurance rate is 80% after deductible. There are limits on the number of covered supplemental services as well as short-term therapies and manipulations per year.

The district could introduce a point of service program as the benchmark plan and allow employees to choose either the point of service plan or their current preferred provider plan for the difference in costs. The costs of the tighter point of service plan could keep the district's costs competitive to the state's plan.

If the district were to design a plan with a tighter network, higher out-of-network co-insurance rates (30% vs. 20% patient co-insurance), higher deductibles before the co-insurance rates are used (increasing from \$100/\$200 to \$200/\$500) and the total out-of-network expense limits were increased from the current levels of \$2,000/\$4,000 to a more realistic \$2,500/\$6,000, it is estimated that the district could save approximately 8% or \$264,000. More importantly, the district's future costs would be at a lower inflation rate than their current 11% multiplier.

Recommendation:

The district should either negotiate with its membership to re-join the State's Health Benefits Plan or negotiate a point of service plan as the benchmark plan with employees having choice but at a cost.

Potential Cost Savings: \$264,000 - \$283,000

The district could also negotiate a 20% "other-than-single" co-pay for all of its family healthcare subscribers. According to rates in November, 1999, the district would save approximately \$356,000 over its current plan design. If it were to switch to the State's Health Benefits Plan the savings would be \$294,000.

Recommendation:

The district should negotiate a 20% other-than-single co-pay.

Potential Cost Savings: \$294,000 - \$356,000

Prescription Plan

The prescription plan for West Orange is administered through its healthcare provider with co-payment levels of \$2/generic, \$2/mail-order, \$5/brand-name. This benefit is provided to active employees as well as retirees. Effective January, 2000, the SHBP is providing a prescription benefit to retirees at no additional cost for everyone eligible to receive retirement benefits. Since the school district provides retirement benefits only for people eligible under the state statute, the benefit of transferring these individuals to the state plan would be enormous when compared to the cost of keeping the retirement prescription outside the plan.

The district has a right to switch retirees over to the state regardless of the prescription provider for active employees. According to the district, the additional 21 single, and 7 family, retiree prescription users account for \$28,000 in premiums. The district needs to negotiate the change because the benefit plan designs differ slightly. The state's plan has an initial out-of-pocket ceiling of \$300 per year, which may prove to outweigh the difference in co-pay levels because the overall costs to those individuals will be less.

Recommendation:

The district should switch their eligible retirees from the West Orange private plan to the state's new prescription plan. The savings would be based upon the loss of the retirees' experience to the West Orange plan. It is estimated that the savings are about \$72,000.

Potential Cost Savings: \$72,000

The plan currently has a co-payment level of \$2/\$2/\$5 for generic, mail order, and brand name medications. This was recently negotiated from a strict \$4 co-pay. The costs for prescriptions have been increasing at a 20% rate for the past year and West Orange will need some plan design changes in order to keep their overall costs under control. Recently, three tier co-pay structures have been a hedge against the high cost of prescription drugs. The state as mentioned above has introduced such an arrangement for its retirees. LGBR suggests that the district consider negotiating a similar situation with its active employees. According to the prescription plan administrator, an organization could save 5% to 9% by introducing a three-tier formulary. If the district were to raise co-pay levels to \$5/generic, \$10/brand name, and \$25 for non-recommended brand name, the district could save about 3% for the increases in the co-pay levels and an additional 5% for a three tier system, or \$80,000.

Recommendation:

The district should negotiate a three tier co-pay at \$5/generic; \$10/brand name; and \$25 for non-recommended medications. The total savings are estimated to be approximately \$80,000.

Potential Cost Savings: \$80,000

Dental Plan

The district offers a dental plan to both its employees and its retirees. The cost of the plan is borne entirely by the district for its active employees. State employees are required to pay 50% of the premium charges as well as 20% of the dental bill. Local Government Budget Review suggests a similar cost sharing be negotiated with West Orange Board of Education employees. After discounting the retirees who are paying \$83,000 for their dental benefits, the district expends approximately \$695,000 on dental benefits. If the district were to negotiate a 50% premium co-pay the district could save \$347,500.

Recommendation:

The district should negotiate a 50% premium co-pay with its active employees.

Potential Cost Savings: \$347,500

IV. SHARED SERVICES

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

In addition to savings to be realized by joining services, there are two new state programs designed to encourage and reward local governmental units and their taxpayers for regionalizing, sharing and joining services with other units of local government. The Regional Efficiency Development Incentive Act (REDI) provides funds to local units to study the feasibility of joining services. The second program, REAP (Regional Efficiency Assistance Program), provides direct tax relief for any local government regional service agreement signed after July 1, 1997. These programs are administered by the New Jersey Department of Community Affairs (DCA), Division of Local Government Services. The city is encouraged to contact DCA for additional information. A school district that plans to study or implement a regional service agreement may apply for a grant and/or loan to study regional service or consolidation opportunities and to fund one-time start-up costs of regional or consolidated services. The district should consider visiting the REDI at www.state.nj.us/redi or by calling the Department of Education.

The Department of Engineering and Public Works of the Township of West Orange estimates that during the recent past, township work crews accomplished \$32,200 in work for the school district at no charge. The activities ranged from work done on re-opening Mt. Pleasant School, sewer work, and various other construction tasks.

The township recreation department maintains the district's athletic fields in return for recreational use when the facilities are not required for school use.

The district has received corporate donations that have funded drill team uniforms, a Project Adventure tower, and beautification projects at both middle schools.

The district is involved in a variety of cooperative purchasing programs ranging from gasoline to office supplies.

West Orange municipal authorities have established committees with the school district to investigate opportunities for collaborative savings in 13 areas including field maintenance, vehicle operation and garaging, purchasing, payroll, custodial services, and recycling.

LOCAL GOVERNMENT BUDGET REVIEW ACKNOWLEDGMENTS

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